



# ANNUAL REPORT

For the year ended  
31 December 2022

Strengthening communities  
through community business



## About us

At Power to Change, we know community business strengthens local communities. We use our experience to bring partners together to fund, grow and back community business to make places thrive. We are curious and rigorous. We do, test, and learn. And we are here to support community business, whatever the challenge.

We know community business works to create thriving places when local people take ownership over spaces that matter and deliver services that communities need. Our 2021-25 strategy sets out how, using strategic funding, trusted partnerships, rigorous research, policy insight, and a strong network of remarkable community businesses, we will back the sector, creating the ideas, evidence, and exemplars that make the case for others to back them too.

Ultimately, we will amplify the efforts of community businesses and put them at the heart of a fair economy.

Nudge Community  
Builders

Front cover image:  
Walthamstow  
Toy Library, London



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## Message from the Chair and Chief Executive

Resilient community businesses are vital for a fair and prosperous economy. They increase community cohesion and social capital, and provide services based on community needs. Our work shows there are at least 11,000 community businesses in England. They employ 41,800 people, work with 126,000 volunteers, and contribute almost £1 billion to our economy.

During Covid, and now the cost of living and energy crises, community businesses continue to be the backbone of our communities. They take ownership of the spaces and places that matter to them, responding to local needs with agility, resourcefulness, and commitment. They are setting up warm banks, like The Bevy in east Brighton, and helping people escape food poverty, like Spring Community Hub in south east London.

Our research continues to demonstrate the huge economic, social, and environmental contribution of community businesses- as well as the challenges. Our Community Business Market Report revealed 77% of community businesses have seen an increase in demand for support related to food costs, and 79% for support related to increases in energy costs. Many are worried about their future - 37% are less confident in their financial prospects. We also know community businesses are needed now more than ever. Those offering public-facing support were nearly twice as likely to report increased demand for support with the cost of living. They are stepping up in a time of central and local government funding fragility.

In response to the cost of living and energy crises, Power to Change acted quickly and purposefully launched our new Resilient Communities Fund in October 2022. We provided essential funding and energy efficiency resources for community businesses adversely affected by the cost of living crisis (more on pgs 15 and 16). With the grant, West Midlands-based Dorothy Parkes Centre were able to continue to provide a safe place for the local and wider community, by supporting utility and staffing bills and investing in solar panels. A total of £1.35 million worth of grants went to 137 community businesses, with over 80% of grantees operating in the most economically deprived parts of the country.

We are hugely proud of our team for adapting resources and using our data to ensure this funding went to organisations that needed it the most.

But we know this is a drop in the ocean and more support and investment is needed. So we continue to advocate and make the case to government and policy makers on the specific challenges, needs and potential impact of a growing community business sector on reducing regional inequality. We continue to campaign on key issues such as high street regeneration (see page 12) and the increasing need to diversify community businesses so that they benefit and involve all members of our communities (see pgs 23 to 25 on our progress).

This year alone, we have leveraged **£3.6 million** into community businesses, as we know that our funding and programmes on their own will not solve the challenges our communities continue to face.

It was a highly productive year for our staff team. We ran nine innovative community business support programmes helping 357 community businesses with a total of £3 million of grant funding (see pgs 19 to 22). Our programmes are transformative in supporting community businesses in their journey to become resilient and create impact. For example, our [Community Shares Booster Fund](#) has helped [East Marsh United](#) in Grimsby raise over £0.5 million to convert derelict properties into decent, affordable homes for local people (see pgs 17 and 18).

Eight exciting programmes and campaigns were aimed at developing and influencing the social economy across England (see pgs 10 to 14). For example, we helped shape the development of social investment funds growth strategies in partnership with community businesses and combined authorities in North of Tyne and West Midlands. We have helped establish six Community Improvement District pilots aiming to keep money local, serve communities, and revitalise town centres.

Throughout our annual report you will notice how important partnerships are in all our work (see pgs 28 and 29 for our list of partners). We continue to advocate and work with partners – old and new – to bring further funding into the community business movement.



Power to Change Board of Trustees

The year has seen further changes in our leadership team. We said farewell to our long-standing Chair of Trustees, Stephen Howard and [welcomed Tony Burton](#) as our new Chair in December. We also welcomed [three new trustees](#) to our Board. We are confident our Board brings the necessary diversity of experience, passion and perspective into our organisation at this stage in our development.

2022 marked the second year of progress on our 2021-5 strategy and seven years of Power to Change's impact. But we must continue to look ahead and assess where and how our resources will have the greatest impact. In collaboration with our staff and key external stakeholders, our priority for 2023 is planning Power to Change's future beyond 2025. What will be our core purpose and focus? Where can we have the greatest impact? Despite this uncertainty, we know the difference community businesses make. And we remain determined to support and champion community businesses, whatever the challenge.

**Tony Burton CBE**  
Chair

**Tim Davies-Pugh**  
CEO

## Our impact: The year in numbers

**357**

community businesses directly supported in 2022

**280,570**

local people benefited from the community businesses we support\*

**£3m**

total grants to community businesses

**£3.6m**

additional money leveraged by Power to Change into community business sector

**22%**

Community Owned Renewable Energy's (CORE) portfolio of solar farms comprised 22% of community owned solar PV in England and Wales

**£4.94**

for every £1 Power to Change invested, the crowd and other partners raised £4.94 via Community Business Crowdmatch

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**£7.13**

for every £1 invested by our Community Shares Booster Fund, £7.13 was raised from community investment

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**63%**

of community businesses supported located in 30% most deprived areas (IMD 1-3)

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**11,000**

community businesses in England with a combined total income of just under £1 billion\*\*

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**41,800**

people employed in community businesses\*\*

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**126,000**

volunteers working in community businesses\*\*

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**170**

we almost doubled compared to the previous year our engagements with policy makers and key influencers, from 96 to 170 compared to 2021

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**29**

new research and evaluation reports

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**1.4m**

impressions of our #MyCommunityBusiness campaign

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**48,252**

people viewed our High Street Buyout Fund animation

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**60**

national media articles

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**3.8%**

we more than doubled our Twitter engagement rate, from 1.5% to 3.8%

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\*Based on average service user figures from our 2019 Community Business Market Report

\*\* 2022 Community Business Market Report



# Our vision, mission and values

## **Our vision: Powerful communities, better places**

By 2025, we want to see more communities in England running community businesses that give them power to change what matters to them, creating places that are better to live and work in for everyone.

## **Our mission: Strengthen community businesses**

Our mission is to strengthen community businesses to tackle some of society's biggest challenges at a local level and prepare them to face three of the biggest challenges of our time: climate change, digital transformation and social inequalities.

## **Living our values**

### **Open.**

We will seek partners and allies beyond the community business sector to better help the community business model go mainstream. And we will be open about our learnings as we test and discover new approaches to community-led resilient places.

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### **Informed.**

We will continue to work closely with community businesses and be informed by their lived experience and needs. We will approach new challenges with fresh eyes and take an evidence-led approach before rolling out solutions.

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### **Collaborative.**

We will continue to work with existing partners, and identify new ones, drawing on each other's skills to achieve what we cannot do alone.

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### **Bold.**

Our plans are ambitious. We will continue to enter markets where we see community businesses could thrive and speak boldly to decision makers on their behalf.

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### **Authentic.**

We integrate the priorities that we have for community businesses into our own practice. We aim to advance dignity, justice and belonging in our own organisation. We aim to become climate positive, we are actively embracing digital transformation, and we are continuously building our own capabilities in many areas.

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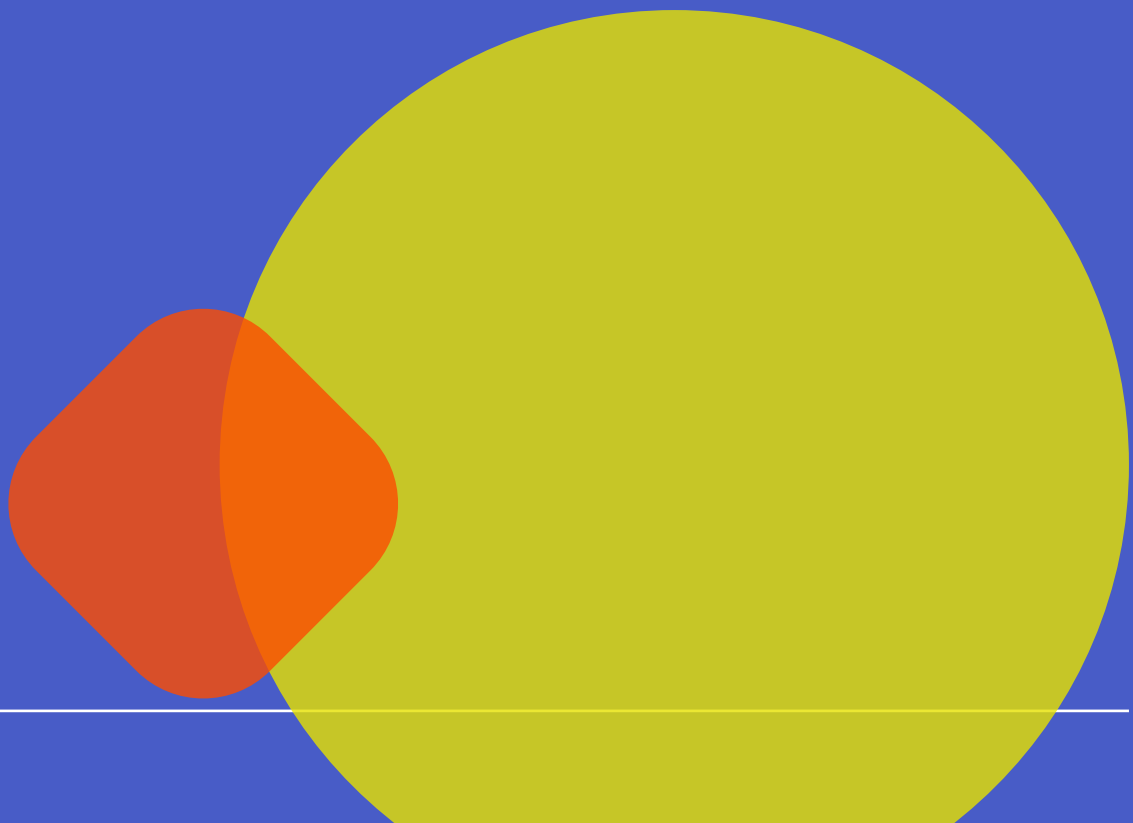
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## Our commitment to climate action and sustainability

We support community businesses on their sustainability journey. But we are also committed to our own carbon neutral journey, which is why we signed the [Funder Commitment on Climate Change](#).

In 2022 we established the organisation's baseline carbon footprint from our buildings (energy, water, waste, and recycling), business travel, and procurement. We pledged to reduce our carbon emissions by 5% each year as part of our [Planet Mark](#) certification.

We created an annual sustainability plan, which included actions needed to reduce our carbon footprint. We trialled [Giki Zero](#) to help staff reduce energy costs and carbon emissions from homeworking. We reviewed and updated our procurement policies, Grants Handbook and KPIs to integrate our climate action commitment across the organisation.



## Our priorities for 2022

Our [2021-5 strategy](#) sets out our three priorities:

1. Putting community businesses at the heart of a fairer economy
2. Making community businesses more resilient
3. Ensuring a more diverse, equitable and inclusive sector

These priorities have helped focus and shape our work in 2022. We are proud to share our achievements and progress with you at this mid-way point in our strategy.

## Our impact: Community businesses at the heart of a fairer economy

### Spotlight: Partnering to grow regional social economies

A thriving and growing social economy can transform a place. The key to making this a success is empowering communities and community businesses to have a real stake in their local economy.

We now have jointly funded roles in both places focused on growing the social economy. These roles will foster connections between the combined authorities, Power to Change, and the local social sector.

We worked in partnership to help combined authorities understand the unique needs of their local social economy and community businesses. We helped shape the development of social investment funds and growth strategies in partnership with community businesses in North of Tyne and West Midlands. And we led consultations to identify regional priorities for investment and support.



Community consultation c/o West Midlands Combined Authority

**“Power to Change’s strategic guidance has secured sector buy-in for our plan to grow the social economy in the West Midlands, ensuring this is inclusive and relevant to community businesses and the wider social sector.”**

**Ed Cox**, Executive Director  
Strategy, Integration and Net Zero,  
West Midlands Combined Authority



### Spotlight: Campaigning for community power on the high street

In March 2022, we launched Take Back the High Street, a campaign that asks Government to establish a High Street Buyout Fund, Community Right to Buy, and to support the expansion of Community Improvement Districts.

The campaign launch involved a parliamentary event centred around our [report on a High Street Buyout Fund](#), social media engagement using a unique brand identity and video featuring community businesses on the high street, and media engagement. Later in the campaign, we published a second report alongside a webinar, [animation](#), and [‘contact your MP’ campaign](#) to involve the national community business movement in advocating for our campaign asks.

The campaign has helped us develop relationships with ministers and the Opposition frontbench, and is helping us to achieve policy change which will benefit community businesses. Furthermore, learnings from our Community Improvement Districts and our High Street Buyout Fund modelling are informing current government policy on high streets. As a result, the Labour Party has announced that it would introduce a Community Right to Buy to help communities purchase important community assets, including those on the high street.





**“In too many places, we see shuttered-up shops and empty buildings blighting high streets and town centres.**

**They are often left vacant by distant private landlords with little stake in places. Members will have stories about that from their constituencies, I have no doubt.**

**Introducing a Community Right to Buy would be a recognition that it is time for that to change. It would give communities new powers to take control of assets in their area and, where assets are in community ownership, we know that vacancy rates are lower, footfall is driven to other businesses, more money stays in the local economy and hiring is more diverse—certainly more than if they are unoccupied.”**

**Alex Norris MP in support of a Community Right to Buy during a House of Commons debate on the Levelling-up and Regeneration Bill**

## Championing community business, community power and ownership

### Summary of other key 2022 projects

Project	In a nutshell
<p><b>Community Improvement Districts pilot</b></p> <p>With learning partner the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University</p>	<p>What if community businesses and residents had more say in regenerating their town centres? Community Improvement Districts (CIDs) aim to create partnerships to do just that. We have been testing this model at seven locations in England.</p> <p>Partnership working through CIDs is powerful, giving rise to a range of activities to keep money local, serve communities, improve the look of town centres and revitalise them.</p>
<p><b>Democratic ownership</b></p> <p>Collaborators include: Centre for Local Economic Strategies, Common Wealth, Cooperatives UK, Employee Ownership Association, Stir to Action, New Economics Foundation, Preston City Council, Cooperative Councils Innovation Network</p>	<p>In 2022 we brought together a broad portfolio of grantees and partners, from the local to the national, who advocate for and create the enabling conditions for increased employee, worker, and community ownership.</p> <p>Together we are building a compelling vision for democratic business ownership, supporting a broader shared economy and the routes to achieving it.</p>
<p><b>Empowering Places</b></p> <p>In partnership with Cooperatives UK, New Economics Foundation and Centre for Local Economic Strategies</p>	<p>An innovative five-year programme that funds community anchor organisations in six areas of high deprivation in England. The aim is to ‘catalyse’ and support the growth of new community businesses, contributing to an overarching vision of more prosperous places, with more jobs and opportunities for local people.</p> <p>2022 marked the fifth and final year of the programme. Our learning is captured in the <a href="#">Renaïsi evaluation, with further insight to follow.</a></p>
<p><b>Platform Places</b></p> <p>With founding partners: the High Streets Task Force, British Property Federation, New Local, Radix and Shoosmiths</p>	<p>In 2022, we helped establish Platform Places, a social enterprise working to make it easier for community entrepreneurs to access town centre property.</p> <p>The organisation, led by Rebecca Trevalyan and Frances Northrop, is now establishing place-based partnerships to make this a reality.</p>
<p><b>We’re Right Here campaign</b></p> <p>In partnership with New Local, the Cares Family, Locality, Local Trust, the Young Foundation, People’s Health Trust, Friends Provident Foundation, and the Joseph Rowntree Foundation</p>	<p>The We’re Right Here campaign is working to build a united movement for community power, spanning places and communities across the UK as well as the political spectrum.</p> <p>This campaign played a part in pushing the Labour Party towards community-powered politics and catalysing a movement of community organisations into creating national change.</p>

## Our impact: Making community businesses more resilient

### Spotlight: Responding to the cost of living and energy crises

To support community businesses through the cost of living and energy crises, we launched the Resilient Communities Fund in October 2022, in partnership with Social Investment Business.

A total of £1.35 million worth of grants went to 137 community businesses, with over 80% operating in the most economically deprived parts of the country. Nearly three quarters (72%) of grants went to community businesses majority led by either women, people of minoritised ethnicities, people with disabilities, or from the LGBTQ+ community.

These flexible grants of up to £10,000 were vital to cover immediate needs from the impact of the crises, such as energy costs, and rising staff and food costs. As part of this programme, we provided free specialist energy support and advice to improve the sustainability of community buildings, in partnership with the Centre for Sustainable Energy.

Dorothy Parkes Centre



**“These funds are crucial for us during this challenging time and will help us in our aim to continue the legacy of Dorothy Parkes and provide opportunities to bring people and organisations together in a spirit of friendship and equality, enabling our local community to thrive. This grant... will be used to support with utility bills, solar panels, and staffing.”**

**The Dorothy Parkes Centre**  
Recipient of Resilient Communities Fund grant



## Spotlight: Quality homes in Grimsby via community shares

East Marsh in Grimsby is one of the most deprived wards in England. In 2017, a group of residents created East Marsh United (EMU) – an organisation dedicated to regenerating the area through multiple community initiatives. One of those initiatives is East Marsh Community (EMC), set up to convert derelict properties into decent, affordable homes for local people.

In March 2022, EMC launched a community share offer. “It will enable us to buy ten houses, get them refurbished and provide quality homes for ten more families,” said Director and local resident Billy Dasein.

The share offer exceeded their target of £250,000. They raised over £0.5million from 162 investors while running a parallel local membership offer for residents in East Marsh to ensure broad community accountability.



East Marsh Community



Community shares are an innovative way of amplifying our funding and supporting community ownership. For every £1 invested by the Community Shares Booster Fund, an incredible £7.13 was raised by community investors. As a pioneer of community shares in England, we invested £3.5 million in match-funding since 2015. The community shares market has raised £210 million since 2012.

**“Our community share offer was a real rollercoaster, and it really kept our spirits up knowing we were guaranteed 10% of our minimum raise.”**

**Billy Dasein,**

East Marsh resident and EMC Director

Recipient of Community Shares Booster Fund

## Supporting community business, whatever the challenge

Power to Change funding and support programmes have built resilience among community businesses. They improve confidence, strengthen skills and capabilities, and improve financial resilience.

### Summary of our 2022 programmes

Programme	In a nutshell	Community businesses supported in 2022	Total grants awarded in 2022
<b>Community Business Crowdmatch</b> In partnership with Crowdfunder	<p>Crowdfunding helps community businesses increase engagement with their community while unlocking much-needed investment.</p> <p>Emerging community businesses raising funds through Crowdfunder can apply for up to £10,000 in matched funding from Power to Change.</p> <p>For every £1 we pledged, £2.76 was raised from the local community.</p>	35	£236,609
<b>Community Business Trade Up</b> Delivered by the School for Social Entrepreneurs	<p>Transformative learning and grant programme that builds resilience, entrepreneurialism, and trading income of community businesses.</p> <p>The 2022 round of the programme focused on earlier-stage community businesses (less than four years old) to encourage applications from those led by younger people, and minoritised ethnicities, to make the programme more inclusive.</p>	39	£245,000
<b>Community Owned Renewable Energy (CORE)</b> In partnership with Big Society Capital and supported by Finance Earth	<p>Social investment partnership that aims to bring existing solar farms into community ownership and deliver lasting community benefits. CORE's portfolio of solar farms comprises 22% of the community owned solar panels in England and Wales. In 2022, CORE secured £31 million refinancing from Abrdn, the UK's largest asset manager.</p> <p>Power to Change made a grant to CORE Community Investments Ltd, with a board made up of community partners, to fund capacity building and legal advice in preparation for the transition of ownership to community organisations in 2023.</p>	5	£37,972

Programme	In a nutshell	Community businesses supported in 2022	Total grants awarded in 2022
<p><b>Community Shares Booster</b></p> <p>Delivered in partnership with Co-operatives UK, Locality, Plunkett Foundation, and Co-operative and Community Finance. Funded by Power to Change, Access - The Foundation for Social Investment and Architectural Heritage Fund</p>	<p>Innovative finance that supports community businesses who aim to launch a community share offer to raise funds and community ownership.</p> <p>For every £1 invested by the Booster Fund, it unlocks an additional £7.13 from community investors.</p> <p>Since 2016, £210 million has been invested to create or save vital assets or services across the UK using community shares.</p>	38	£189,000
<p><b>Community Tech: Makers and Maintainers Fund</b></p> <p>Supported by Promising Trouble</p>	<p>In the digital age, more and more community businesses are developing their own software (and hardware) to help them meet community needs.</p> <p>Programme funding aims to enable and encourage this process as well as help develop a community of practice.</p>	10	£400,000
<p><b>Financial Capabilities pilots</b></p> <p>Delivered by Locality and The Women's Organisation</p>	<p>Supports community businesses in managing their organisation's finances, with the hope of making them more resilient and sustainable in the long term.</p>	30	n/a
<p><b>Leading the Way</b></p> <p>In partnership with Virgin Money Foundation and supported by the School for Social Entrepreneurs</p>	<p>Aims to increase confidence and resilience of community business leaders to grow the impact of the organisation.</p> <p>By focusing on people running community businesses in the North East and Yorkshire and the Humber, we aim to create a strongly connected cohort.</p>	19	n/a
<p><b>Next Generation</b></p> <p>Supported by the Centre for Sustainable Energy</p>	<p>Our goal is to build capacity and harness the potential for community businesses in the energy space.</p> <p>This programme supports trials of alternative business models for community energy generation. It recognised the barriers at the time to the standard model of new community solar panel and wind turbine development and the reduced benefits available for communities.</p>	5	£129,433



Programme	In a nutshell	Community businesses supported in 2022	Total grants awarded in 2022
<b>Powering Up</b>	<p>Flexible and tailored support in digital growth, environmental sustainability, and financial resilience with a cross cutting theme of diversity, equity, and inclusion.</p> <p>The programme creates connected community leaders with vetted support organisations that will accelerate the impact of community businesses.</p>	69	£480,000
<p><b>Resilient Communities Fund</b></p> <p>Supported by Social Investment Business (SIB) and the Centre for Sustainable Energy</p>	<p>In response to the cost of living and energy crisis, we analysed our grantees to ensure we supported those most in need during this time and most likely to be impacted.</p> <p>The flexible grant fund (up to £10,000), alongside specialist support around energy saving measures, is helping to future proof these community businesses, while creating positive environmental change and learnings within communities.</p>	137	£1,353,631
	<b>TOTALS</b>	<b>357</b>	<b>*£3,071,645</b>

\*This figure represents grants directly made to community businesses. It does not represent all grants made and does not include withdrawals.

**Without our support, 7% of community businesses would not be running, 38% would be struggling and 54% would have slower growth – 2022 grantee survey.**

**“It’s bolstered  
me even thinking  
of myself as  
a leader.”**

Leading the Way participant.

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## Our impact: A more diverse, equitable and inclusive sector

### Spotlight: Introducing young people to community business

Only 7% of community businesses are run by 18-35 year-olds - a major issue for the future sustainability of the community business movement.

#MyCommunityBusiness was a 10-week campaign aimed at introducing young people (18-35) to community business. The campaign shared inspiring stories of ten community businesses that are run by, employ or support young people. It was bolstered by a new report into how and why young people get involved with community business and the barriers they might face.

We used the campaign to launch our TikTok account and hosted a webinar with Common Vision and a group of young researchers to share their learnings with community businesses.

The lasting impact of this campaign is a new set of resources to help community businesses reach more young people, support younger community members, and develop the leadership potential of younger team members and volunteers.



Future Yard

**“It’s really helped show people what we are as an organisation. We’ve loved being part of the campaign!”**

**Craig Pennington,**  
Future Yard  
Featured in #MyCommunityBusiness campaign

## Spotlight: Becoming a more equitable organisation

In 2022 we commissioned two key pieces of research to advance our ambitions to becoming more equitable:

1. The development and analysis of a baseline dataset aligned to the [cross-sector DEI Data Standard](#) to better understand the diversity of the community business sector; and
2. Research into the [barriers and solutions to accessing funding and support](#), particularly for marginalised community businesses and organisations, in partnership with Spark and Co.

Both pieces of research were designed to help us make practical changes. We have improved our policies, redesigned our recruitment process, captured and analysed our ethnicity and disability pay gap, published several blogs about our progress and our failings, and participated in multiple external groups.

We funded and contributed to the design of the ground-breaking [Foundation Practice Rating](#), a cross-sector initiative led by experienced leaders of the Foundation sector. It aims to hold ourselves collectively accountable on Diversity, Equity and Inclusion (DEI) best practice by scrutinising foundation practices, communications, and power structures.

2022 saw many of our programmes advancing DEI in practical ways to reduce the barriers to accessing our funding and support. For example, in our Powering Up and Leading the Way programmes we held drop-in clinics to better support community businesses with their applications. We created video guidance and made efforts to simplify our language in programme guidance documents.

The team also drove implementation of a new DEI data capture approach that integrated best practice methods from the DEI Data Standard adapted towards grant decision making in the community business sector. This approach helped us better understand our applicants and grantees, and make progress on delivering more equitable funding and support.

There is still more to do, and we will use our research to ensure the changes we make have impact.



Library of Things, Kilburn



## Pay gap reporting

Not only do we have organisational values at Power to Change, but we also live by them. This means that everything we do is bold, authentic, informed, collaborative and open. In line with our values, we believe that it is important for organisations to understand their pay gaps so that we can be one step closer to a more diverse, equitable and inclusive sector.

The government requires organisations with more than 250 employees to publish details of their gender pay gap. However, the government does not require any organisations to publish details of their ethnicity or disability pay gaps. We are very proud to be a small organisation that shares our reporting on our gender, ethnicity and disability pay gaps by choice. We encourage all community businesses to do the same as a commitment to reducing inequalities in all areas.

Because of our 2022 pay gap reporting, we have a better understanding of any inequalities in our organisation, which means we are better informed on the issues we need to prioritise. There are several initiatives that we plan to roll out in the coming months to promote positive action in our recruitment process. This includes a recruitment guide for hiring managers with sections on inclusive recruitment and recognising unconscious biases, a new job description template with improved accessibility, updates to our job description design process (such as avoiding desirable criteria and personality descriptors), and further support and training on inclusive recruitment from our DEI Manager and HR team.

Although we are making improvements to our processes, we do not always see significant improvements in our pay gaps. We know that it is difficult to make significant change with such an entrenched issue, but we are committed to our values and working collaboratively with other organisations to tackle this issue as a sector. We hope that by working together we can make a positive and lasting impact for all.

Please see below for our gender, ethnicity and disability pay gap details as of April 2022.

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### Gender Pay Gap

Our median gender pay gap was 6.56% and our mean gender pay gap was 2.61%. In our organisation, 63.16% identify as female and 36.84% identify as male.

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### Ethnicity Pay Gap

Our median ethnicity pay gap was 20.99% and our mean ethnicity pay gap was 7.63%. 25.64% of the organisation identifies as Black, Asian, mixed race, or another ethnicity and 74.36% identify as white.

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### Disability Pay Gap

Our median disability pay gap was 3.77% and our mean disability pay gap was 3.60%. 30.77% of the organisation identifies as disabled and 69.23% identify as non-disabled.

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## 2023 priorities

### Developing our future organisation

Our current strategy has already moved us along a spectrum from being mainly a funding organisation, towards being more of a catalyst and demonstrator that aims to influence policy and funding for the benefit of community businesses.

We will be consulting key stakeholders in 2023 about the long-term future for Power to Change (beyond our current strategy period of 2021-25).

We will work to develop and refine our business model so that we can continue to support community businesses now and in the future. We believe this will be an evolution, building on all the excellent work we have delivered over the last eight years.

### Our 2023 commitments

As always, our priority remains supporting community businesses - now and in the long term. So, while we plan for our future, we will continue to support them through commitments already made.

Highlights for 2023 will include:

- We will continue our work influencing government on support for community businesses in party manifestos including a High Street Buyout Fund and Community Power Act.
- We will strengthen and celebrate our work with combined authorities, including the final evaluation of our Empowering Places programme - building the case for community business in place.
- We will develop and deliver our Resilient Communities Fund, supporting the climate ambitions of the sector and by co-funding the Energy Resilience Fund.
- We will develop and deliver our Makers and Maintainers and Discovery Fund programmes and the community of practice as part of our community tech ambitions.
- We will deliver, evaluate, and improve upon our programmes of support for community businesses including Leading the Way, Community Business Trade Up, Powering Up and Community Shares Booster.
- We will deliver a range of research projects, unearthing the issues and challenges faced by community businesses and their social, environmental and economic impact. This will include the final iteration of the Community Life Survey Hyperlocal Booster, a novel approach that we have pioneered to measure impact at a neighbourhood level.
- We plan to complete the transfer of ownership to community businesses of the solar farm assets currently owned by our subsidiary CORE LLP.
- We will continue to develop and implement our data capture approach and integrate best practice methods from the DEI Data Standard.

## Our partners

THANK YOU to the thousands of staff and volunteers working in community businesses and supporting their communities in these challenging times. We'd also like to thank all the organisations and individuals we've worked with this year. We couldn't do it without you!

Andrea Lee

Ann Sanders

Bennett Institute for Public Policy

Big Society Capital

Black South West Network

Board of trustees

Braw Data

Bright Blue

British Academy

CAF Venturesome

CAG Consultants

Carole Donnelly

Cassie Robinson

Centre For Local Economic Strategy

Centre for London

Centre For Regional Economic and Social Research

Centre for Sustainable Energy

CFE Research

CJD Consultancy

Climate Labs

Common Vision

Common Wealth

Community Energy England

Confederation Of Cooperative Housing

Co-operatives UK

Create Streets Foundation

Crowdfunder

David Bright

David Kane

Dot Project

Durham University

Eva Trier Consulting

Fabian Society

Finance Earth

Forster Communications

Friends Provident Foundation

Greater London Authority

High Streets Task Force

Hilary Barnard Consulting

Impact Information Company

Institute for Community Studies

IPPR North

Julian Prior

Kantar Public

Kate Swatridge Consulting

Key Fund

Kindred LCR

Lisa Mangan Media

Lisa Muller

Liverpool City Region Combined Authority

Liz Lipscomb

Lloyds Bank Foundation for England and Wales

Local Trust

Locality

MB Associates

Middlesex University

Mills & Reeve

MyCake

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National Council for Voluntary Organisations  
New Economics Foundation  
New Local  
New Social Covenant Unit  
North of Tyne Combined Authority  
Northumbria University  
Onward  
Open Society Foundations  
Ownership Futures  
Pals Agency  
Pam Hardisty  
Place Matters  
Platform Places  
Plunkett Foundation  
PMG Consulting  
Practical Governance  
Progressive Britain  
Promising Trouble  
Reform  
Renaishi  
Reos  
Resonance  
School for Social Entrepreneurs  
Seebohm Hill  
Shared Assets  
Sheffield Hallam University  
Simon Borkin  
Social Care Institute for Excellence  
Social Investment Business  
Sona Mahtani  
Sophie Reid  
Spark & Co  
Steve Conway  
Steve Wyler  
The Institute for Public Policy Research

The Means  
The Ubele Initiative  
The Women's Organisation  
The National Lottery Community Fund  
University of Cambridge  
University of Liverpool  
University of The West of England  
Virgin Money Foundation  
We're Right Here  
West Midlands Combined Authority  
What & Why  
What Works Centre for Wellbeing  
Young Foundation



## Financial review

Since 2015, Power to Change has supported business communities, using an expendable endowment provided by The National Lottery Community Fund (TNLCF), income generated from this endowment as well as additional restricted and unrestricted income received from time to time.

### Expenditure

Total expenditure in 2022 was £11.83m (2021: £15.86m), in line with our projected expenses for the year but at a lower level of spend than in the previous two years when Power to Change responded to the Covid crisis and made funding available to the community business sector to replace lost trading income.

A number of new programmes were launched in 2022 (e.g Makers and Maintainers, Resilient Communities Fund, Powering Up, Leading the Way, Democratic Ownership, Trade Up 2.0) and our budget for 2023 is based on a similar level of expenditure as in 2022 (c. £12.28m). The Board of Trustees is currently engaged in a review of the Trust's business model which will confirm the annual expenditure for 2023 and thereafter, in line with our future strategic direction.

Our 2022 expenditure was nearly entirely in relation to charitable activities (99%) with fundraising accounting for the remainder (1%). 95% of our charitable spending (£11.22m) was on existing programmes and the amount of spend related to closing programmes (£0.53m or 4%) was significantly reduced (2021: £6.41m or 41%) as programmes launched before 2021 came to an end (including Covid-related programmes).

Among existing programmes, New Economic Models and Market Opportunities were our largest workstreams (with spend of £2.65m and £2.10m respectively). This included spend on Democratic Ownership (£0.94m) related to our grant from Open Society Foundations, Empowering Places (£0.63m) related to our work with local authorities and Resilient Communities Fund launched in October 2022 (£1.45m).

Note 3 to the accounts shows a detailed analysis of our expenditure. The value of grants awarded decreased by 31% from £6.61m in 2021 to £4.53m in 2022. This is mostly linked to the fact that Covid-related expenditure (made directly through Covid-related programmes) ended in 2021. Note 6 to the accounts provides detail of grant expenditure by programme in each year. But support to the sector was stable in absolute value and increased as a percentage of total expenses (from 8% in 2021 to 11% in 2022), demonstrating the wider role we are playing for the community business sector.

Direct staff costs also decreased by 34% between 2021 and 2022 (from £2.55m to £1.69m) while programme delivery costs decreased by 61% over the same period (from £2.25m to £0.87m) reflecting the reduced reliance on delivery partners with the end of large Covid-related programmes.



Research and evaluation direct costs remained stable between 2021 and 2022, representing 6% of our total expenses as we continued to monitor the impact of our activities on the community business sector, shared the lessons learnt and implemented changes in the design and management of our newly launched programmes.

Support costs in 2022 of £1.76m (2021: £1.30m) included support staff, rent and organisation costs, IT, legal, training, depreciation and governance. They represented 15% of total expenditure (2021: 8%) or 11% without governance costs (those increased as a result of necessary recruitment activities at Board level). The increase in support costs in percentage terms also reflects the fact that our total expenses decreased by 27% year-on-year.

The National Lottery Community Fund endowment funded c.34% of our expenditure in 2022, while the rest was mostly covered through restricted funds (including the £20m grant from TNLCF).

### Income

Restricted funds represented 98% of our income in 2022 (2021: 96%) and included £6.63m of grant income from The National Lottery Community Fund to cover core costs and a £0.41m grant from the Open Society Foundations to enable work on Democratic Ownership. Note 2 to the accounts details our various sources of income in 2022.

### Group investments and funds summary

	2022 £'000s	2021 £'000s
Fixed asset investments: social investment (Community Owned Renewable Energy LLP)	5,147	7,886
Fixed asset investments: cash and deposits	11,780	14,670
Current asset investments: cash and deposits	2,942	2,937
<b>Total investments</b>	<b>19,869</b>	<b>25,493</b>
Cash at bank	5,564	6,061
Net (liabilities) outside cash and investments	(3,567)	(5,532)
<b>Net assets</b>	<b>21,866</b>	<b>26,022</b>
The National Lottery Community Fund expendable endowment Capital fund	21,124	24,513
Restricted funds	707	1,509
Unrestricted funds	35	-
<b>Total funds</b>	<b>21,866</b>	<b>26,022</b>

### **Investment policy and strategy**

Since 2019, the investment portfolio has become solely cash at bank and deposits (outside of our social investment in CORE) as Power to Change prepared to close, with its funds fully committed by the end of 2022. Following the launch of a new strategy in 2020/2021, the lifetime of the Trust was extended; its length will be confirmed following the current review of the Trust's business model but it is anticipated to last beyond 2025.

The objectives stated in the investment policy remain "to produce the best financial return within an acceptable level of risk and with capital preservation as a key criteria". Given the anticipated review of the business model, the Trustee Directors considered that keeping the Trust's assets in cash is the most prudent option at the end of 2022.

In early 2023, investments were still held in short term cash deposits. However, in light of a macro-environment with higher inflation and interest rates, the Trustee Directors might decide to explore again investment options to ensure our investment strategy still meets our risk appetite and cashflow requirements once the strategic direction of the Trust has been confirmed later in the year.

To limit credit risk, cash deposits are managed to ensure that no more than 33% of them are held with any one financial institution.

To limit liquidity risk, our investment policy states a minimum amount of budgeted programmatic and total operating expenses should be kept in cash or low risk liquid investments. This clause was modified by the Trustee Directors in February 2022 from "18 months' worth" to "12 months' worth" to reflect the declining size of the endowment

fund and the fact that a significant share of our expenses is financed through a grant from The National Lottery Community Fund drawn down every quarter based on projected expenses.

Cash and deposits held at 31 December 2022 amounted to £20.29m (2021: £23.67m). These funds are split in the balance sheet between fixed assets (£11.78m) and current assets (£8.51m). Together they represent more than 12 months' worth of budgeted programmatic and total operating expenses.

In addition, the Trust has made a social investment in Community Owned Renewable Energy LLP (CORE LLP), a joint venture between Power to Change and Big Society Capital. CORE LLP works alongside local community energy groups to support, develop and refinance solar farms with a view to maximising the benefit for these communities over the life of the investment venture. The creation of a portfolio of assets under CORE LLP was completed in 2019.

The social investment in CORE LLP is held at cost (£5,225k) in the Trust and at the value of its 50% share of net assets (£5,147k) in the group financial statements. Following the return in 2022 of £3,250k of capital invested by Power to Change and the £1.18m consolidated profit generated by CORE LLP in 2022, the Trustee Directors are satisfied there are no indications of impairment to this social investment in the year.

The consolidated results of CORE LLP and its subsidiaries are summarised in note 9 to the accounts.

## Investment performance

During 2022, the value of our investments (social, cash and deposits) reduced by £6.21m to £25.43m (2021: £31.55m). This reduction largely corresponds to cash withdrawn to fund our activities during the year.

As in 2021, there was no gain or loss in investment in the year due to the cash nature of our portfolio but income of £115k was generated from interest and cash deposits (2021: £49k).

Meanwhile the value of our social investment decreased by £2,739k from £7,886k in 2021 to £5,147k in 2022 (2021: £148k increase), as a result of a £3.25m capital reduction by intermediary subsidiary company (PTC RE Limited) combined with an increase in the profits generated by CORE LLP in 2022 (£512k corresponding to our 50% shareholding).

## Funds

Retained funds and movements in the funds are shown in note 13 to the accounts.

Income generated from the expendable endowment provided by The National Lottery Community Fund (the “Capital Fund”) is added to The National Lottery Community Income Fund (the “Income Fund”) on an ongoing basis. When required, money from the Capital Fund is also transferred to the Income Fund to meet our ongoing expenditure requirements not met through other funding. During 2022, £3.39m was transferred from the Capital Fund (2021: £10.79m). The balance on the Capital Fund at 31 December 2022 was £21.12m (2021: £24.51m) of which £70k are tangible and intangible fixed assets and not freely available to spend.

In addition to The National Lottery Community Fund endowment which

funded c.34% of our 2022 expenditure, we used restricted funds to fund most of our remaining expenditure. Below is a list of our main sources of restricted funding and related expenditure in 2022:

- Grant funding from The National Lottery Community Fund: £6.85m was spent (2021: £4.20m) to cover core costs related to our five-year strategy (£6.63m was received in 2022 as part of a five-year grant of £20m and £0.22m was used from previous year-end balance of £0.67m);
- Grant funding from the Open Society Foundations to enable work on Democratic Ownership initiated by the Open Society Foundations: £0.94m was spent (2021: £7k) on this initiative, sourced from £0.41m of income received in 2022 and £0.53m used from previous year-end balance of £0.78m.

## Reserves and Going Concern

The Trustee Directors manage our reserves in line with the reserves policy, which is reviewed annually. In line with Charity Commission guidance on expendable endowments, the reserves policy does not stipulate a specific level of endowment or unrestricted reserves that are required. The Trustee Directors reviewed in December 2022 the cash position forecast for the Trust at the end of 2023 which indicated the capital fund more than covers fixed annual operating expenses (People & Governance costs and Finance & Operations costs) and can therefore support the organisation without additional income until the end of 2024. The budget is reviewed annually and was last reviewed in December 2022. The 2024-2028 business plan will be reviewed later this year.

As such there are no material uncertainties surrounding the Trust’s ability to continue as a going concern and the financial statements have been prepared on that basis.

## Structure, governance and management

### Legal structure

Power to Change Trust (the “Trust” or the “Charity”) is a charitable trust registered in England and Wales (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 a £149,204,000 endowment from The National Lottery Community Fund (formerly the Big Lottery Fund). Power to Change Trustee Limited is the sole corporate Trustee. It is a private company (company number 8940987 – England and Wales) limited by guarantee and incorporated on 17 March 2014.

### Charitable objects

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

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

The Trust’s overall vision of “powerful communities, better places” is delivered through a mission to strengthen community businesses to tackle some of society’s biggest challenges at a local level, including climate change, digital transformation and social inequalities. Funding is provided where a charitable purpose can be identified.

The Trustee Directors have referred to the guidance contained in the Charity Commission’s general guidance on public benefit when reviewing the Trust’s aims and objectives and in planning future activities. They have concluded that the Trust meets the definition of a public benefit entity under FRS 102.

## Governance

Board members are directors of Power to Change Trustee Limited and are referred to as Trustee Directors throughout this report. The Trustee Directors are listed below.

The Charity Governance Code (as updated in 2020) has been reviewed and Trustee Directors have chosen to adopt and apply this code. The Principles, Outcomes and Recommended Practices have been discussed and have been applied. With regard to the review of the Board's performance, the Board and each of the committees engaged in and undertook annual effectiveness reviews.

Power to Change has one subsidiary company: PTC Renewable Energy Ltd. The Trustee Directors approve the appointment of directors of PTC Renewable Energy Ltd.

PTC Renewable Energy Ltd owns 50% of Community Owned Renewable Energy LLP, which is a joint venture with Big Society Capital. The joint venture is governed by an LLP Partnership Agreement dated 1 August 2017. Day-to-day management is through a Management Board that has terms of reference agreed by both parties. Each joint venture partner has an appointed member to the Management Board.

New Trustee Directors are sought by open advertisement and undergo a rigorous interview process. The ultimate decision on selection is a matter for the Trustee Directors already in post and overseen by the Nominations Committee. A strategic, operational and governance induction programme is in place.

In 2022 four Trustee Directors, including the Chair, were recruited. All Trustee Directors are given current information on the legal duties and expectations of being a Trustee Director and are invited, on an ongoing basis, to attend relevant training events paid for by the Trust. Trustee Directors are also invited to attend key internal meetings, and sector events hosted and/or sponsored by the Trust.

New Trustee Directors are initially appointed to serve for a three year term after which they will be eligible for reappointment. The Articles of Power to Change Trustee Limited provide for a minimum of five Trustee Directors and up 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 programmatic activities of the organisation, including the administration of grants is delegated to the Chief Executive Officer (CEO) and his/her team.

The Board met four times in 2022. All Trustee Directors give their time freely and no Trustee Director was paid remuneration. In 2022, the Trustee Directors claimed £542 of expenses (2021: £45) in connection with the Trust's business.



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The Trustee Directors in post during the year and up to the date of signing of this report were:

Tony Burton CBE	Chair, Appointed 1 January 2023
Léonie Austin	Vice Chair from 1 April 2023
Anne-Marie Harris	Appointed 7 July 2022 Chair of the Finance and Audit Committee (From 1 January 2023)
Deepa Shah	Appointed 7 July 2022 Chair of the People and Governance Committee (From 1 January 2023)
Sarah Gorman	
Ian Hempseed	
Melissa Mean	
Dai Powell OBE	
Dr Jess Steele OBE	
Hardev Virdee	Appointed 7 July 2022

The following Trustee Directors were in post during 2022 but stood down before the date of signing of this report:

Stephen Howard LVO	Chair (Until 31 December 2022)
Samuel Berwick	Chair of the Finance and Audit Committee (Until 31 December 2022)
Christopher Stephens	Chair of the People and Governance Committee (Until 31 December 2022) Trustee Director (until 31st March 2023)

Samantha da Soller serves as Company Secretary of Power to Change Trustee Limited.

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Two Sub-Committees report to the full Board of Trustee Directors:

The **Finance and Audit Committee** oversees financial aspects of the Trust including budgeting, financial and management reporting. It also oversees all systems of control at the Trust, including the annual external audit and the internal audit process.

Members: Samuel Berwick (Chair until 31 December 2022), Anne-Marie Harris (Chair from 1 January 2023), Stephen Howard LVO (until 31 December 2022), Dai Powell OBE and Hardev Virdee (from 7 July 2022). Neil Spence attended as a co-opted member until 15 June 2022. Members met four times in 2022 and four meetings are scheduled in 2023.

The **People and Governance Committee** oversees all people and governance matters at the Trust including composition of the Board, all policy and people related matters, diversity and adherence to the Trust's values.

Members: Christopher Stephens (Chair - until 31 December 2022), Deepa Shah (Chair from 1 January 2023), Léonie Austin, Sarah Gorman (from 6 March 2023), Stephen Howard LVO (until 31 December 2022). Members met three times in 2022 and four meetings are scheduled in 2023.

A temporary **Nominations Committee** was established in December 2021 and worked throughout 2022 to make recommendations to the Board regarding the structure, size and composition of the Board and to oversee appointments to the Board and senior management positions.

Members: Christopher Stephens (Chair), Léonie Austin, Dai Powell OBE.

### Key management personnel

The Chief Executive and the Executive Directors comprise the key management personnel in charge of directing and controlling the Trust on a day-to-day basis and are referred to as the Leadership Team.

On 10th February 2022, Vidhya Alakeson OBE resigned from her post as Chief Executive Officer of Power to Change Trust and Tim Davies-Pugh was appointed Interim Chief Executive Officer. Following a rigorous selection process led by the Board, Tim Davies-Pugh was appointed Chief Executive Officer of Power to Change Trust on 12th May 2022.

The Leadership Team comprised:

#### Current members

Tim Davies-Pugh	Chief Executive Officer (from May 2022) Interim Chief Executive Officer (from February to May 2022) Director of Strategy and Programmes (from July 2021 to February 2022)
Nicola Fuschillo	Director of People and Governance
Ailbhe McNabola	Director of Policy and Communications
Stephen Miller	Director of Impact and Learning
Samantha da Soller	Director of Finance and Operations

#### Previous members

Vidhya Alakeson OBE	Chief Executive (until February 2022)
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Leadership Team pay is reviewed annually by the People and Governance Committee. Their remuneration, and the remuneration of all staff, is benchmarked with grant making charities and commercial entities of a similar size and activity. This is to ensure that the remuneration set is fair and consistent with that generally paid for similar roles.

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## **Fundraising**

The Trust did not employ professional fundraisers (as consultants or staff members) and fundraising activities (estimated as 1% of our total expenses) only relate to general networking activities and therefore the Trust has nothing to disclose under the provisions of section 13 of the Charities (Protection and Social Investment) Act 2016.

## **Grant Making Policy**

Grant making remains a key activity of the Trust. Our grant making processes are governed by the Grants Policy Framework which was revised in 2022, approved by the Board and given the consent of the Protector. This was part of a review and update to our grant making approach to better reflect our structure and strategy as well as changes to Subsidy Control Rules.

The Board has appointed the Executive Grants Committee (EGC) as an executive decision-making body of the Trust with delegated authority to award, reject or withdraw grants in accordance with the Trust's objectives and to ensure that all grants are awarded in line with the Grants Policy Framework. The EGC reports directly to the Board. Grants over £500k require approval of the Board.

The EGC has the power to delegate grant decisions to sub-committees. These sub-committees, which are often run in conjunction with the Trust's delivery partners, have terms of reference which include membership, voting and a maximum grant value they can award.

The Trust invites applications for these grants through its website, through its partner websites, news boards, email bulletins and other relevant publications.

Some grants are made to other organisations, for example to develop a new programme or conduct research relevant to the community business sector. The process and authority levels for approving all grants follow the same processes.

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## Risk management

The Trustee Directors recognise that the effective management of risks is central to the Trust's 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 according to a scoring formula (Likelihood x Impact + Impact), determine the appropriate response to each risk and then finally review and report on 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, income generation strategy has a different appetite for risk (high) compared to legal/regulatory and trust compliance where risk tolerance is low.

The key risk review and reporting mechanisms at Power to Change are:

- **Risk register.**

The risk register forms the Trust's primary mechanism for considering long-term risks, set in the context of the Trust's statement for risk appetite. It identifies all known long-term risks and assigns them for management to an individual member of the Leadership Team. They are reviewed quarterly by the Leadership Team and annually by the Board (additionally red risks are reviewed by the Board every six months).

- **Key Performance Indicators (KPIs).**

Strategic objectives are identified annually, with associated KPIs. These are the tools by which the Trust measures its performance against identified short-term risks. They are reviewed monthly by the Leadership Team and reported to the Board on a six monthly basis.

- **Management accounts and budgets.**

Management accounts measure financial performance against financial objectives and they identify the risks of not achieving these objectives. Management accounts are prepared monthly, detailed reviews are carried out with budget holders at least quarterly, and budgets are produced annually. Management accounts are reviewed against budget on a quarterly basis by the Finance and Audit Committee and recommended for approval to the Board.

The last formal full review of the risk management framework and the statement of risk appetite by the Trustee Directors was in December 2021 while the risk register was last updated in December 2022.

The most significant areas of risk (after considering mitigating actions) are summarised below together with a summary of the mitigations.



## Summary of significant risks

Area of risk	Mitigations
<p>Failure to generate new income with potential impact on our ability to deliver our strategy and acceleration of the end of the Trust's life.</p>	<p>Our strategy could be delivered in different ways: through direct income secured by the Trust, through co-funding opportunities or by encouraging other actors to support the sector.</p>
<p>Recovering full value from our social investment in PTC Renewable Energy Ltd.</p>	<p>Internal resources (funds and staff) are focused on the refinancing of CORE LLP (to be completed via a share raise by the community businesses and a loan from PTC Renewable Energy Ltd and BSC). The full value of the Trust's investment in PTC Renewable Energy Ltd is expected to be received by 2029.</p>
<p>Instability and loss of institutional knowledge caused by departure of key personnel and long serving Trustee Directors.</p>	<p>The Leadership team participates in a development programme with a strong focus on ensuring stability, cohesion and high performance. Line managers are also given the opportunity to participate in a People Management Development Programme.</p> <p>Long notice periods are included in senior staff employment contracts, creating time to plan for transition, recruitment and handover.</p> <p>The investment in recruitment time and resources to determine required skills, competencies and behaviours ensures that professionals with the best matching profile are appointed.</p> <p>Key staff are involved in the onboarding process for new Trustee Directors and key personnel to ensure mutual trust and understanding is built from the moment they join the organisation.</p>

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# Trustee Directors' statement of responsibilities

## in respect of the Trustee Directors' annual report and the financial statements

### Focus of the activities

The Trustee Directors have given due consideration to the 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 10 to 25.

### Responsibilities of the Trustee Directors

The Trustee Directors are responsible for preparing a Trustee Directors' 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 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.

Approved by the Trustee Directors on 11 July 2023 and signed on their behalf by:



**Tony Burton CBE**  
Chair

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## Protector's statement

### Background

I was appointed as Protector of the Power to Change Trust ('the Trust') on 1 November 2018 for a period of three years. My term of office was renewed for a further five years on 1 November 2021. 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 The National Lottery Community Fund ('the Fund'), previously known as 'The Big Lottery Fund', which invested £149 million in setting up and endowing the Trust with a view to making 'community-led enterprise across England a sustainable solution to local social and economic needs and opportunities'.

### Function of the Protector

The function of the Protector is set out in the Trust Deed dated 3 November 2014 and subsequent thereto supplemental deeds dated 6 January 2015 and 28 September 2016. The fiduciary duty 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 the decision making and is not a trustee of the Charity. If necessary, the Protector must report matters of serious concern to the Fund or to the Charity Commission. The function of the Protector therefore is to ensure the Trustees administer the Trust properly and to act as a 'watch-dog', monitoring the Trustee and preventing it from abusing its powers or breaching its duties. More positively, the Protector must seek to ensure, as far as possible, that the Trust is administered in accordance with the terms of the Trust Deed and give or withhold consent or approval to the exercise of certain powers by the Trustee.

I am required under the Trust Deed to prepare a statement for publication by the Trustee in its annual report, explaining the Protector's function, how the function has been exercised and, if appropriate, identifying any areas of administration that require improvement and steps to be taken by the Trustee to affect such improvement.

### **Aims of the Trust**

The Fund established the Trust to bring about a widespread recognition of the economic and social benefits of community-led enterprise and asset ownership so that more local people are enabled to improve the places where they live. The objectives of the Trust include:

- 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 permitted methods of achieving the objectives are widely drawn within the Trust Deed and the Fund sets out the key supporting interventions that it wishes the Trust to use in exercising its powers and duties. The Fund's desired outcome is that the Trust should encourage and develop sustainable community businesses and help to bridge the gaps in market infrastructure, including intermediaries, while increasing the understanding of the key variables that drive community business creation and sustainability. The Fund expects the Trust to do this by working in partnership with others in the public, private and voluntary sectors and building an evidence base that demonstrates how community businesses become sustainable and deliver better outcomes for people and communities most in need.

### **Administration of the Trust**

'Hybrid working' has been this year's addition to the corporate lexicon. Power to Change has adapted its Board, Committee and staff working arrangements to leverage from the learning and flexibility that the pandemic created. Severe weather, travel disruption and industrial action meant that virtual meetings and governance administration fell naturally into place to allow seamless business and operational continuity. During the year I have attended all meetings of the Board of Trustees and all meetings of the Finance and Audit Committee and two of the three People and Governance Committee, providing verbal feedback to the Chair of the Committee prior to the October meeting. In addition I have met or corresponded with the Chair and Chief Executive on specific matters and participated in Board briefings on new programmes. I have met with representatives of the Fund on two occasions to discuss the Trust's proposed new strategy and provided assurance on the effective governance oversight and management of the endowed fund. Following a request, I have also provided assurance to the Fund on the process for the recruitment of a new Chief Executive and Chair.

I am satisfied that the Trust has been administered in accordance with the terms of the Trust Deed for the period 1 January 2022 to 31 December 2022.

### **Protector consent request**

There has been one request for Protector consent during the year. The Board requested a change to the Grants Policy Framework (GPF) which together with the Delegated Authorities Policy constitutes the “Regulations” referred to in the Power to Change Trust Deed. This change updated the (GPF) in order to reflect changes in the new organisational structure and strategy, the new Handbook of Grants Operating Guidelines and changes to the Subsidy Control Rules. I was assured from the scrutiny and oversight I observed during the process and the changes complied with the obligations under the Trust Deed. Throughout the year the Trustees and executive have also incorporated my comments and guidance into their decision making and I am grateful to them for their inclusive approach.

### **The year under review**

This year has seen further shocks to the economy resulting in significant cost of living pressures and once again local people have relied upon community businesses to provide much needed help and support. Building upon the learning from the Covid grant support programmes, Power to Change implemented the Resilient Communities Fund rollout to community businesses as they made essential changes to lower their energy costs and increase their service provision.

As the organisation has developed the new programmes to achieve the strategic priorities in the new strategy, the Trust has exited well from its previous large grant programmes. New workstreams have built upon the learning and knowledge base developed over the last seven years and aim to strengthen capacity and increase resilience in the community business sector. The Trust continues to invest resources

to test new ideas and support emerging community business models with a risk managed approach to further investment or withdrawal. New partners have come forward as cofunders in these new ventures thereby leveraging additional funding into the sector.

Of particular note is the work the Trust has led to strengthen and mainstream diversity, equity and inclusion into its ongoing grant programmes and into shaping the priorities for new workstreams. The Trust Board has led by example through DEI training for Trustees and providing guidance to delivery partners on how to remove unconscious bias in onward granting.

Economic volatility and uncertainties in the energy market have impacted on the Trust’s decisions on exiting from its joint social investment venture in community owned solar energy. Trustees examined a number of options to realise the £8.5m investment whilst ensuring that the assets from the project would remain in community hands and surpluses would be reinvested for community benefit. This project has the potential to prove the viability of community ownership in the energy market and create an evergreen fund.

The areas outlined above serve to demonstrate that the Trust continues to pursue the aims of the Funder as set out in the Trust Deed; to seek to secure a sustainable legacy from its work; and to add value to the community business sector.

## **Board of Trustee Directors and Executive Changes**

The Board has spent considerable additional time this year on the recruitment process for three new Trustees, a new Chair of the Board and a new Chief Executive. The Board were mindful of the loss of institutional knowledge as longstanding Trustees stepped down and established a Nominations Committee to develop a skills gap assessment to inform Trustee and CEO succession planning. The Committee consulted me on the role specifications and sought my views on the experience and background of possible candidates. I was also invited to meet with shortlisted candidates for the Board Chair and CEO and to provide feedback to the Chair of the Nominations Committee on the shortlist for new Trustees. Three Trustee Directors joined the organisation in September 2022 and joined the Board Committees with an induction plan that would prepare two of the new Trustees to replace the outgoing Committee Chairs as they came to the end of their terms at the end of the year. These Board changes have further strengthened the Board diversity as well as increasing finance, audit and HR skills. These trustees have individually and collectively brought a fresh perspective and challenge to the work of the Trust together with extensive experience from other private and public sector organisations.

Attendance at Board and Committee meetings is excellent and the commitment of the Trustee Directors (all of whom are unpaid and have other demanding roles) has been notable, particularly during the recruitment processes, scrutiny of programme delivery, and analysis of risks and cofounding opportunities. The revised Committee structure was fully operational from the beginning of the year and the Terms of Reference (TOR) for the

Committees have been refreshed as the new governance arrangements have bedded in. Trustees welcomed my suggestions to clarify specific responsibilities for the Committees to improve assurance reporting to the Board.

The Board continues to operate in a challenging and collegiate manner. There is open and constructive discussion facilitated by comprehensive and clear Board papers, presentations and background briefings. The administration of the Trust is efficient and effective. There is a clear understanding by the Board, Committees and the executive of those matters which fall within the strategy setting, oversight and monitoring role of the Trustee Directors and those that fall within the day to day responsibilities of the executive team. I am satisfied that the Board has had due regard to the risks and opportunities facing the Trust as it aligns its resources to the delivery of a new strategy that aligns to the aims and objectives set out in the Trust Deed.

The appointment of Tim Davies-Pugh as CEO was well received by staff and stakeholders and he brings extensive knowledge of the community business sector from his time at The National Lottery Community Fund. Tim has prioritised the refresh of internal governance, systems and processes to align the business operations to the new strategy; supporting the Board to further refine Power to Change's unique contribution to the community business sector; and developing a suite of KPIs that measure the impact of new and legacy programmes.

The Leadership Team continues to provide expert support to the Board and its committees with clear, comprehensive papers that enable fully informed discussion and a robust decision making process.

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## Governance

The Trust has an effective committee structure and I have attended all but one of their meetings during the year. In compliance with the Trust Deed and reflecting the wishes of the Fund, I have particularly noted the following:

a. The Finance and Audit Committee has scrutinized and challenged the risks associated with the refinancing of the assets held in Community Owned Renewable Energy LLP (CORE) and advised the Board on the optimum route to ensure return of the initial investment and the future transfer to full community ownership. The Committee has sought and received assurance on improving budget forecasting and the accountability of budget holders as the profile of spend shifts in line with new programme approaches. Financial reports to the Committee give full visibility to the application of the remaining endowed funds. Key corporate policies have been reviewed by this Committee including information governance, anti-bribery and corruption, investment and procurement to provide assurance that the organisation complies with its obligations in the administration and use of charitable funds. During the year the Committee has examined IT security and the protections in place to prevent financial and data loss, reputational damage and business disruption or denial.

b. The People and Governance Committee provided advice and guidance on the recruitment process for new trustees and the Board Chair. Trustees were fully engaged in proposals to improve the performance framework and pay and reward strategy and sought assurance on transparency, equity and appropriate external benchmarking. The annual staff survey showed a very high positive engagement score with strong support for the new strategic priorities and a recognition of the greater strength of community business representation on the Board. The Committee has paid particular attention to the incorporation of diversity, equity and inclusion into core internal policies. The Committee recommended to the Board that a community business Trustee should join the Committee to provide expert input and new ideas from the sector.

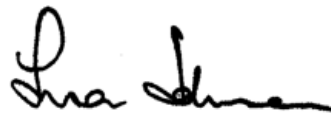
From my observations of committee meetings and conversations with Trustee Directors, I conclude that the Trustee Directors apply a proportionate and appropriate level of scrutiny and challenge to operations. As in previous years the Board and Committees have conducted a self-effectiveness review which concluded that Trustees were content that meetings were well run, papers were clear and transparent and Trustees had the necessary skills and experience to guide and monitor the organisation effectively. It is pleasing to note that the incoming Chair has commissioned an independent external governance and effectiveness review to inform any future improvements and to ensure that the Trust governance remains fit for purpose.



## Looking ahead

The Trust's reputation with policy makers, other grant funders and the research community has increased further over the year and Power to Change is now recognised at national, regional and local level as a 'thought leader' on how community businesses start, survive and thrive and can provide the catalyst for community-led solutions to local economic and social needs. As national policy on community asset ownership, dormant assets fund, high street regeneration, devolution deals and levelling up evolves, Power to Change will need to define and articulate how its core competencies and seven years of research and learning can best be deployed to leverage investment into community businesses. The National Lottery Community Fund (TNLCF) will launch its own strategic renewal this year and Power to Change has a body of knowledge and know-how to be a continuing strategic investment partner for the Fund. The Trust is now considering its own lifespan and how to optimise the ripple effect from its new and legacy investments. The opportunity to promote the Trust's value to other funders and delivery partners, in particular combined and local authorities and large foundations is significant. This will bring a sharp focus on proportionate risk management, due diligence, value for money and stakeholder management.

As the remaining endowed fund is spent down the Trust will also need to consider how it operates within the parameters of the Trust Deed whilst meeting the governance requirements of other potential funders. Discussions will continue with TNLCF and the Board into next year as they refresh the Trust Deed and any accompanying governance documents.



**Susan Johnson OBE**

Protector, Power to Change Trust

11 July 2023

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## Independent auditor's report

### Independent Auditor's Report to the Trustee of Power to Change

#### Opinion

We have audited the financial statements of Power to Change ('the charity') its subsidiary and joint venture ('the group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Financial Activities, Group and Charity Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

#### In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2022 and of the group's income and receipt of endowments and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

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

### **Other information**

The trustee is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustee's report; or
- sufficient and proper accounting records have not been kept by the parent charity; 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.

### **Responsibilities of the trustee**

As explained more fully in the trustee's responsibilities statement, the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the group and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section of the Charities Act 2011 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustee and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

### **Use of our report**

This report is made solely to the charity's trustee, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.

*Crowe U.K. LLP*

**Crowe U.K. LLP**  
Statutory Auditor  
London

Date: 13th July 2023

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006

## Financial statements

### Consolidated Statement of Financial Activities

for the year to 31 December 2022

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	2022 Total funds £'000	2021 Total funds £'000
<b>Income from:</b>						
Donations	2	-	-	-	-	21
Charitable activities	2	-	6,993	53	7,046	5,637
Interest and investments	2	115	-	-	115	49
<b>Total income</b>		<b>115</b>	<b>6,993</b>	<b>53</b>	<b>7,161</b>	<b>5,707</b>
<b>Expenditure on:</b>						
Raising funds		-	80	-	80	57
Existing programmes		4,153	7,052	18	11,224	9,386
Closing programmes		(137)	662	-	525	6,412
<b>Total expenditure</b>	3, 5, 6	<b>4,016</b>	<b>7,794</b>	<b>18</b>	<b>11,829</b>	<b>15,855</b>
<b>Net gains / (losses) on investments</b>	9	<b>512</b>	-	-	<b>512</b>	<b>148</b>
<b>Net (expenditure) / income</b>	4	<b>(3,389)</b>	<b>(802)</b>	<b>35</b>	<b>(4,156)</b>	<b>(10,000)</b>
<b>Transfers between funds</b>	13	-	-	-	-	-
<b>Net movement in funds</b>		<b>(3,389)</b>	<b>(802)</b>	<b>35</b>	<b>(4,156)</b>	<b>(10,000)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		24,513	1,509	-	26,022	36,022
<b>Total funds carried forward</b>	13	<b>21,124</b>	<b>707</b>	<b>35</b>	<b>21,866</b>	<b>26,022</b>

All amounts are related to continuing activity and all charitable activities are in relation to Power to Change programmes.

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

The accompanying notes on pages 56 to 78 form part of these financial statements.

**Consolidated and Charity Balance Sheets**

as at 31 December 2022

	Notes	2022		2021	
		Group £'000	Charity £'000	Group £'000	Charity £'000
<b>Fixed assets</b>					
Intangible assets	7	42	42	71	71
Tangible assets	8	28	28	52	52
Investments	9	16,927	17,005	22,556	23,146
		<b>16,997</b>	<b>17,075</b>	<b>22,679</b>	<b>23,269</b>
<b>Current assets</b>					
Cash at bank and in hand		5,564	5,564	6,061	6,061
Current asset investments		2,942	2,942	2,937	2,937
Debtors	10	1,471	1,471	1,786	1,786
		<b>9,977</b>	<b>9,977</b>	<b>10,784</b>	<b>10,784</b>
<b>Current liabilities</b>					
Creditors: amount falling due within one year	11	(3,952)	(3,952)	(6,936)	(6,936)
		<b>6,025</b>	<b>6,025</b>	<b>3,848</b>	<b>3,848</b>
<b>Net current assets</b>					
		<b>6,025</b>	<b>6,025</b>	<b>3,848</b>	<b>3,848</b>
<b>Total assets less current liabilities</b>					
		<b>23,022</b>	<b>23,100</b>	<b>26,527</b>	<b>27,117</b>
Creditors: amount falling due after one year	11	(1,156)	(1,156)	(505)	(505)
		<b>21,866</b>	<b>21,944</b>	<b>26,022</b>	<b>26,612</b>
<b>The funds of the charity</b>					
Endowment funds	13	21,124	21,202	24,513	25,103
Unrestricted funds		35	35	-	-
Restricted funds	13	707	707	1,509	1,509
		<b>21,866</b>	<b>21,944</b>	<b>26,022</b>	<b>26,612</b>

Approved by the Corporate Trustee.  
 Authorised for issue on 11 July 2023 and  
 signed on behalf of the Trustee Directors:



**Tony Burton CBE**  
 Chair

The accompanying notes on pages 56 to 78  
 form part of these financial statements.



## Consolidated Cash Flow Statement

for the year to 31 December 2022

	2022 £'000	2021 £'000
<b>Cash outflow from operating activities</b>		
Net expenditure	(4,156)	(10,000)
Share of joint venture (gain) / loss	(512)	(148)
Net expenditure before share of joint venture gain / loss	(4,668)	(10,148)
Depreciation of tangible and intangible fixed assets	56	43
Decrease / (Increase) in current asset investments	(5)	9,486
Decrease / (Increase) in debtors	315	1,314
(Decrease) / Increase in creditors	(2,332)	(8,223)
<b>Net cash flow from operating activities</b>	<b>(6,633)</b>	<b>(7,528)</b>
<b>Cash inflow from investing activities</b>		
Decrease / (Increase) in fixed asset investments	6,141	2,462
Payments to acquire tangible and intangible fixed assets	(5)	(122)
<b>Net cash flow from investing activities</b>	<b>6,136</b>	<b>2,340</b>
<b>(Decrease) / Increase in cash in the period</b>	<b>(497)</b>	<b>(5,188)</b>
	2022 £'000	2021 £'000
<b>Analysis of changes in net funds</b>		
Cash balance at the beginning of the period	6,061	11,249
Increase in cash in the period	(497)	(5,188)
<b>Cash balance at 31 December</b>	<b>5,564</b>	<b>6,061</b>
<b>Cash and cash equivalents / Investment</b>		
Cash in hand	5,564	6,061
<b>Total cash and cash equivalents / Investment</b>	<b>5,564</b>	<b>6,061</b>

### Reconciliation of cash equivalents and net debt

	2021 £'000	Cashflow £'000	2022 £'000
Cash in hand	6,061	(497)	5,564
<b>Total cash and cash equivalents / Investment</b>	<b>6,061</b>	<b>(497)</b>	<b>5,564</b>

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# Notes to the accounts

for the year to 31 December 2022

## 1. Accounting policies

### Introduction

The Trustee Directors are pleased to present the consolidated financial statements for the Group and for Power to Change Trust (“the Charity”). The consolidated Group financial statements include the results of all material subsidiaries on a line-by-line basis and all material joint ventures on an equity accounting basis, after the elimination of relevant intercompany balances and transactions. Note 9 lists all group companies and joint ventures.

The 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 (Charities SORP FRS 102) effective 1 January 2019.

In the application of the Charity’s accounting policies and the applicable charity laws and regulations in England and Wales, the Trustee Directors are required to make judgements, estimates and assumptions about the carrying values of the 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 ongoing 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.

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

Consolidated financial statements are prepared under historical cost convention in pounds sterling, which is the functional currency of the Charity.

### Going Concern

The Trustee Directors considered the available reserves (described on page 33), the 2023 budget and the cash balance forecast for 31 Dec 2023 and took into account the likely spending of the organisation following the current business model review. They are satisfied that the funds available are sufficient to cover existing commitments and planned spending in both 2023 and 2024.

As such there are no material uncertainties surrounding the Trust’s ability to continue as a going concern for a period of at least 12 months from the date of signature of these financial statements and these have been prepared on that basis.

### **Income and endowments**

Income is recognised in the period where the Charity becomes entitled to the funds, receipt is probable, and the amount can be measured reliably. Income is deferred only when the Charity must 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**

Endowment funds represent capital gifted in 2015 by The National Lottery Community Fund (formerly the Big Lottery Fund). Any unspent income arising from the Capital Fund is added to The National Lottery Community Income Fund and the Trustee Directors may transfer amounts from the Capital Fund to the Income Fund to cover any shortfalls in that fund.

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.

Unrestricted funds are available to spend on activities that further any of the purposes of the organisation.

### **Expenditure**

Expenditure is included on an accruals basis for the 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 recognised, in line with our internal grant recognition policy, on a legal and constructive obligations principle basis. Grants payable are accounted for in full as liabilities as soon as the criteria for a constructive obligation has been met (specific commitment communicated directly to grant recipients) and there are no conditions attached which limits recognition.

Grant commitments requiring pre-conditions outside the control of the Trust to be met are recognised in full as liabilities when it is probable that these preconditions will be met. If it is possible that these pre-conditions might be met, the grant commitments are considered as contingent liabilities.

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. All charitable activities are classified in alignment with those undertaken in 2022.

### **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, legal, information technology, office and organisation costs. Support costs are allocated to each of the activities in the same proportions as the direct staff allocations above.

### **Raising funds**

The costs of raising funds are the costs incurred in business development activities for income generation.

### **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 and are recognised in the Statement of Financial Activities in the period to which they relate. The Charity has no liability under the scheme other than the payment of the contributions.

### **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 further benefits. Amortisation is provided to write off assets on a straight-line basis over their estimated useful economic life of three years.

Amortisation charges begin in the month of purchase and are included in charitable activities expenditure.

### **Tangible fixed assets**

All assets costing more than £1,000 are capitalised and are carried at cost. Depreciation is provided to write off assets on a straight-line basis over their estimated useful economic life of three years. The depreciation charge begins in the month of purchase and is included in charitable activities expenditure.

### **Fixed and current asset investments**

Fixed asset investments at the year-end are cash deposits held in interest-bearing accounts.

Cash deposits are only considered fixed asset investments where the Trustee Directors are of the opinion that the deposits will not be expended within 12 months of the balance sheet date. Deposits that they consider are likely to be expended within 12 months are treated as current asset investments.

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Fixed asset investments are reported at their fair values, being their market value, at the balance sheet date. For cash assets, market value is equivalent to amortised costs and therefore cash assets have been recognised on that basis. Gains and losses arising on the disposal of investments and the revaluation to market value are credited and charged to the statement of financial activities in that year.

### **Financial instruments**

The Charity has financial assets and 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, current asset investments, cash held as fixed asset investments, and trade and other debtors. Financial liabilities held at amortised cost comprise of trade and other creditors.

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

### **Operating leases**

Rentals under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

### **Contingent liabilities**

Contingent liabilities are recognised when possible obligations may arise as a result of uncertain future events that are not wholly within the control of the Charity, for example an agreement with an intermediary to fund future onward grants that have not been recognised at the balance sheet date.

### **Joint venture investment**

Joint ventures are those entities over whose activities the Group has joint control. Investments in joint ventures are accounted for by the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition. If the Group's share of the loss exceeds the carrying amount of its investment, the Group discontinues recognising its share of further losses. Additional losses are recognised as a provision only to the extent that the Group has a legal or constructive obligation to make payments on behalf of the joint venture. The Group only resumes recognising its share of profits after they equal the share of losses not recognised. Loans to joint ventures are included in fixed asset investments.

## 2. Income

	Endowment Funds £'000	Restricted Funds £'000	Unrestricted Funds £'000	Total 2022 £'000	Total 2021 £'000
<b>Donations</b>	-	-	-	-	21
<b>Income from charitable activities</b>					
The National Lottery Community Fund - funding for the new five year strategy	-	6,634	-	6,634	4,861
The National Lottery Community Fund - CCLORS work	-	-	-	-	(212)
Liverpool City Region Combined Authority	-	-	-	-	47
Open Society Foundations	-	411	-	411	790
GLA	-	(53)	-	(53)	-
WMCA	-	-	51	51	-
Other	-	-	2	2	151
	-	<b>6,993</b>	<b>53</b>	<b>7,046</b>	<b>5,637</b>
<b>Income from interest and investments</b>					
Income from investments	-	-	-	-	-
Bank interest	115	-	-	115	49
	<b>115</b>	<b>-</b>	<b>-</b>	<b>115</b>	<b>49</b>
<b>Total income</b>	<b>115</b>	<b>6,993</b>	<b>53</b>	<b>7,161</b>	<b>5,707</b>

Income from the Open Society Foundations represents the portion recognised in 2022 of the agreement signed in 2021 (total amount received £1.2m).

### 3. Expenditure allocation

£'000	Raising Funds	Existing Programmes	Closing Programmes	2022 Total	2021
Grants awarded	-	4,669	(137)	4,532	6,608
Programme delivery costs (of which £330k via a grant)	-	542	330	872	2,246
Support to sector	-	1,079	91	1,170	1,252
Direct staff costs	40	1,581	65	1,686	2,553
Research and evaluation direct costs	-	746	6	752	1,027
Other direct costs (of which training £23k)	13	939	101	1,054	868
Support costs	27	1,667	69	1,763	1,301
<b>Total</b>	<b>80</b>	<b>11,224</b>	<b>525</b>	<b>11,829</b>	<b>15,855</b>

Programme delivery costs include the management of grants awarded in prior years.

Breakdown of support costs	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Staff costs - governance	330		233	
Direct costs - governance	109		81	
Governance		439		314
Staff costs - finance, operations and HR		689		439
Rent and organisation costs		303		242
Training costs		132		115
IT costs		115		99
Legal		29		49
Depreciation		56		43
<b>Total</b>		<b>1,763</b>		<b>1,301</b>



Prior year expenditure allocation:

£'000	Raising Funds	Existing Programmes	Closing Programmes	2021 Total
Grants awarded	-	4,214	2,394	6,608
Programme delivery costs	-	944	1,302	2,246
Support to sector	-	1,005	247	1,252
Direct staff costs	34	1,539	980	2,553
Research and evaluation direct costs	-	341	686	1,027
Other direct costs	-	720	148	868
Support costs	23	623	655	1,301
<b>Total</b>	<b>57</b>	<b>9,386</b>	<b>6,412</b>	<b>15,855</b>

#### 4. Net expenditure for the year

This is stated after charging:

	2022 £'000	2021 £'000
Operating lease rentals (rent)	86	115
External audit fees	26	24
External audit fees - non-assurance fees	-	-
Internal audit fees	11	16
Depreciation	55	43
<b>Total</b>	<b>178</b>	<b>198</b>

## 5. Staff costs & numbers

	2022 £'000	2021 £'000
Wages and salaries	2,231	2,559
Social security costs	254	252
Employer pension contributions	120	128
Other employee benefits	31	39
	<b>2,635</b>	<b>2,978</b>
Training (support costs)	132	115
Training (direct costs)	23	15
Contractor costs	279	171
Recruitment costs	98	76
<b>Total staff costs</b>	<b>3,168</b>	<b>3,355</b>

The average number of employees (excluding contractors) during the year was as follows:

	2022 £'000	2021 £'000
Charitable expenditure	27	35
Support and governance	16	10
<b>Total</b>	<b>43</b>	<b>45</b>

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

	2022	2021
£60,000 - £69,999	2	1
£70,000 - £79,999	-	2
£80,000 - £89,999	3	2
£90,000 - £99,999	1	1
£100,000 - £109,999	-	1
£110,000 - £119,999	-	-
£120,000 - £129,999	1	1
£150,000 - £159,999	-	-

Total key management personnel costs for the year were £641k (2021: £635k).

Details of key management personnel are set out on page 38.

Included in the wages and salaries costs are termination payments of £19,300 (2021: £222,650).

### Trustee Directors

Trustee Directors received no remuneration during the year (2021: £nil). In total three Trustee Directors received reimbursement for travel and subsistence expenses of £962 during the year (2021: 1 Trustee Director - £45).

The Protector received remuneration of £15k for the year (2021: £15k) representing their fee as stipulated by the Trust Deed. The Protector also received reimbursement of travel and subsistence expenses of £178 (2021: £57).

## 6. Grants Awarded

	2022 £'000	2021 £'000
<b>Capabilites</b>		
C-19 Renewal	-	2,586
Powering Up	480	-
Other	19	78
<b>Enabling Conditions</b>		
Infrastructure	(11)	128
Making the Case	95	21
Local and Regional	619	-
<b>New Economic Models</b>		
Community Business Trade Up	245	530
Community Shares Booster	189	499
Crowdmatch	237	-
Democratic Ownership	850	-
Empowering Places	58	126
Assets	-	56
<b>Market Opportunities</b>		
Resilient Communities Fund	1,354	-
Community Tech	400	-
CORE and Next Generation	24	122
Health, Social Care and Wellbeing	(18)	68
<b>Others</b>		
DEI	75	-
Impact and Learning	74	-
Impact and Learning legacy	(30)	-
Programme management	(127)	-
Programmes Closed in 2022	-	2,394
	<b>4,532</b>	<b>6,608</b>
Grants to delivery partners for delivery costs	330	1,115
	<b>4,862</b>	<b>7,723</b>
Grants awarded are net of withdrawals	437	1,023

External grants awarded in 2022 are net of £437k of grants withdrawn (2021: £1,023). The value of grants withdrawn represent those grants that have been withdrawn completely or have been subject to a variation.

Major grant programmes are explained on pages 19 to 21 and are also available on our website <https://www.powertochange.org.uk/get-support/programmes/>.

## 7. Intangible fixed assets (Group and Charity)

	Software £'000	Twine Application £'000	Website £'000	2022 £'000	2021 £'000
<b>Cost</b>					
Brought forward	87	281	82	449	451
Additions	-	-	-	-	82
Disposals	-	(281)	-	(281)	(83)
<b>Carried forward</b>	<b>87</b>	<b>-</b>	<b>82</b>	<b>168</b>	<b>450</b>
<b>Amortisation</b>					
Brought forward	87	281	12	380	451
Charges for the year	-	-	27	27	12
Disposals	-	(281)	-	(281)	(83)
Impairment	-	-	-	-	-
<b>Carried forward</b>	<b>87</b>	<b>-</b>	<b>39</b>	<b>126</b>	<b>380</b>
<b>Net book value</b>					
Brought forward	-	-	70	70	-
<b>Carried forward</b>	<b>-</b>	<b>-</b>	<b>42</b>	<b>42</b>	<b>70</b>

The only disposal of intangible fixed assets in 2022 relates to the transfer of the Twine Volunteer and Twine Visitor applications to Digital Commons Ltd (a Co-operative and Community Benefit Society) for nil consideration. Software pertains to customer relationship management software.

## 8. Tangible fixed assets (Group and Charity)

	IT Equipment £'000	Fixtures and Fittings £'000	2022 £'000	2021 £'000
Cost				
Brought forward	90	39	129	168
Additions	5	-	5	40
Disposals	-	-	-	(80)
<b>Carried forward</b>	<b>95</b>	<b>39</b>	<b>133</b>	<b>128</b>
Depreciation				
Brought forward	72	5	77	124
Charges for the year	16	13	28	32
Disposals	-	-	-	(80)
<b>Carried forward</b>	<b>88</b>	<b>18</b>	<b>106</b>	<b>76</b>
Net book value				
Brought forward	18	34	51	44
<b>Carried forward</b>	<b>7</b>	<b>21</b>	<b>28</b>	<b>52</b>

The only additions to tangible fixed assets in 2022 relate to IT equipment.

## 9. Fixed assets – Investments

	2022		2021	
	Group £'000	Charity £'000	Group £'000	Charity £'000
<b>Social investment</b>				
Community Owned Renewable Energy LLP	-	5,225	-	8,476
Share of joint venture net assets	5,147	-	7,886	-
Cash and deposits	11,780	11,780	14,670	14,670
<b>Total investments</b>	<b>16,927</b>	<b>17,005</b>	<b>22,556</b>	<b>23,146</b>

The social investment of £5,225k in 2022 (2021: £8,476k) relates to Community Owned Renewable Energy LLP (CORE LLP), a 50%/50% joint venture between PTC Renewable Energy Ltd (a wholly owned subsidiary of the Trust) and Big Society Capital. At 31 December 2022 PTC Renewable Energy Ltd had net assets of £5,225k (2021: £8,476k) representing the value of its investment in CORE LLP.

At 31 December 2022, Power to Change had a commitment to invest up to a further £1,524k (2021: £1,524k) into CORE LLP but the Trustee Directors do not anticipate that any further investment will be made as the Trust is currently engaged in refinancing negotiations to ensure the transfer of our social investment into community hands.

The difference between the value of the Charity investment and the Group share of joint venture net assets relates to cumulative losses of CORE LLP up to 31 December 2019 (£580k), a loss of £158k relating to 2020, a gain of £148k relating to 2021 and a gain of £512k relating to 2022.



## Movement in year

	2022		2021	
	Group £'000	Charity £'000	Group £'000	Charity £'000
<b>Social investment</b>				
Movement in share of joint venture net assets	(2,738)	(3,250)	148	-
<b>Cash and deposits</b>				
Invested/(withdrawn) in the year	(2,890)	(2,890)	(2,462)	(2,462)
Income reinvested	-	-	-	-
Management fees paid from capital	-	-	-	-
<b>Decrease / (increase) in investments</b>	<b>(5,628)</b>	<b>(6,140)</b>	<b>(2,314)</b>	<b>(2,462)</b>
Brought forward investments	22,556	23,146	24,870	25,608
<b>Total investments at the end of the year</b>	<b>16,927</b>	<b>17,005</b>	<b>22,556</b>	<b>23,146</b>

## Cash and deposits

The in-year movement in cash and deposits represent transfers from fixed assets investments to current asset investments.

## Social investment

After the sale of Sherifhales Solar CIC on 30 September 2022, the Trust has the following remaining investments as part of its commitment to community-owned energy businesses:

Investment	Shares held
PTC Renewable Energy Ltd (10847365, England and Wales)	100%
"Community Owned Renewable Energy LLP (OC418078) Investment held by PTC Renewable Energy Ltd Joint venture with Big Society Capital"	50%
"CORE Aries Limited (11081463, England and Wales) 100% subsidiary of CORE LLP"	50%
"CORE Newton Downs Limited (08559996 England and Wales) 100% subsidiary of CORE Aries Limited"	50%
"CORE Libra Limited (11653375, England and Wales) 100% subsidiary of CORE LLP"	50%
"CORE Scorpio Limited (11653373, England and Wales) 100% subsidiary of CORE LLP"	50%
"CORE Aquarius Limited (11653365, England and Wales) 100% subsidiary of CORE LLP"	50%
"Orchard Farm Community Solar 2 CIC (09606654, England and Wales) 100% subsidiary of CORE Aquarius Ltd"	50%
"CORE Gemini Limited (11653374, England and Wales) 50.1% subsidiary of CORE LLP"	25%
"Homestead Community Solar C.I.C. (09615191, England and Wales) 100% subsidiary of CORE Gemini Limited"	25%
"CORE Capricorn Limited (11739169, England and Wales) 100% subsidiary of CORE LLP"	50%
"NewCo 7GS9 Limited (11344525, England and Wales) 100% subsidiary of CORE Capricorn Ltd"	50%
"Creacombe Solar C.I.C. (11366479, England and Wales) 100% subsidiary of NewCo 7GS9 Limited"	50%
"Marlands Solar Ltd (11575628, England and Wales) 100% subsidiary of NewCo 7GS9 Limited"	50%
"Creacombe Grid Ltd (11595042, England and Wales) 100% jointly owned by Creacombe Solar CIC and Marlands Solar Ltd"	50%
"CORE Leo Limited (11739005, England and Wales) 100% subsidiary of CORE LLP"	50%
"CORE Taurus Limited (11739220, England and Wales) 100% subsidiary of CORE LLP"	50%
"Twemlows HoldCo Limited (10490066, England and Wales) 100% subsidiary of CORE Taurus Limited"	50%
"Community Energy Twemlows C.I.C. (09644669, England and Wales) 100% subsidiary of Twemlows HoldCo Limited"	50%

<b>Investment</b>	<b>Shares held</b>
"Community Energy Twemlows 2 C.I.C. (09644332, England and Wales) 100% subsidiary of Twemlows HoldCo Limited"	50%
"CORE Community Investments Limited (13153678, England and Wales) 85.7% jointly owned by CORE Taurus Limited, CORE Aries Limited, CORE Gemini Limited, CORE Capricorn Limited, CORE Aquarius Limited and CORE Pisces Limited (which is ultimately owned by Big Society Capital)"	44%
"CORE Portfolio Investments Limited (13157440, England and Wales) 100% owned by CORE Community Investments Limited"	44%

The registered office for PTC Renewable Energy Ltd is The Clarence Centre, 6 St George's Circus, London SE1 6FE. The registered office for all the other subsidiaries is W106 Vox Studios, 1-45 Durham Street, London, SE11 5JH.

PTC Renewable Energy Ltd did not trade during 2022 or 2021. However, during 2022, CORE LLP made two cash distributions (total: £3.25m) of member capital to PTC Renewable Energy Ltd, thanks to cashflow generated from an asset sale (Sheriffhales) and trading. These were followed by two capital reductions (total: £3.25m) by PTC Renewable Energy Ltd, generating cash distributions of an equivalent amount from PTC Renewable Energy Ltd to the Charity.

The Group's share of the profit/(loss) and net assets of Community Owned Renewable Energy LLP and its wholly owned subsidiaries (the CORE Group) are:

	<b>2022</b>		<b>2021</b>	
	<b>CORE LLP Group £'000</b>	<b>PTC Group 50% Share £'000</b>	<b>CORE LLP Group £'000</b>	<b>PTC Group 50% Share £'000</b>
Net profit/(loss) for the year	1,024	512	296	148
Net assets (excluding non-controlling interest)	10,295	5,147	15,772	7,886

## 10. Debtors (Group and Charity)

	2022 £'000	2021 £'000
Prepayments	109	157
Advances to intermediaries	1,304	1,622
Trade Debtors	58	-
Other debtors	1	7
<b>Total</b>	<b>1,471</b>	<b>1,786</b>

The advances to intermediaries represent funds advanced to Power to Change's delivery partners for onward advance to grantees but which had not been defrayed at the end of the financial year.

## 11. Creditors (Group and Charity)

	2022 £'000	2021 £'000
Due within one year		
Trade creditors	528	150
Grants payable	2,835	6,086
Accruals	394	566
Other creditors	195	134
	<b>3,952</b>	<b>6,936</b>
Due after one year		
Grants payable	1,156	505
<b>Total</b>	<b>1,156</b>	<b>505</b>

Grants payable amounts are summarised below:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Grants payable</b>		
Balance brought forward	6,591	14,226
External grants awarded	4,532	6,608
Amounts defrayed	(7,132)	(14,243)
<b>Balance carried forward</b>	<b>3,991</b>	<b>6,591</b>
Balance carried forward		
Due within one year	2,835	6,086
Due after one year	1,156	505
<b>Total</b>	<b>3,991</b>	<b>6,591</b>

## 12. Related Party Transactions

Stephen Miller, Director of Delivery and Impact, is also a Trustee for the Charity Evaluation Working Group and was not involved in any decisions concerning grants awarded to this organisation.

Ailbhe McNabola, Director of Policy and Communications, is also the Co-Chair of the Social Research Association's Board of Trustees and was not involved in any decisions concerning the payments made by Power to Change to this organisation.

Dr Jess Steele OBE was appointed as a Power to Change Trustee Director on 30 September 2021. In 2022, Power to Change incurred spend of £284 with Jericho Road, of which Jess is a Director.

### 13. Group Funds

	2022				2021		
	Endowment funds £'000	Other restricted funds £'000	Unrestricted Funds £'000	Total £'000	Endowment funds £'000	Other restricted funds £'000	Total £'000
<b>Allocation of assets by fund</b>							
Intangible assets	42	-	-	42	71	-	71
Tangible assets	28	-	-	28	52	-	52
Investments	11,780	-	-	11,780	14,670	-	14,670
Share of joint venture net assets	5,147	-	-	5,147	7,886	-	7,886
Current assets	9,235	707	35	9,977	9,275	1,509	10,784
Current liabilities	(3,952)	-	-	(3,952)	(6,936)	-	(6,936)
Liabilities falling due after one year	(1,156)	-	-	(1,156)	(505)	-	(505)
	<b>21,124</b>	<b>707</b>	<b>35</b>	<b>21,866</b>	<b>24,513</b>	<b>1,509</b>	<b>26,022</b>

<b>Movement in 2022</b>	<b>Balance b/f £'000</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Investment gains £'000</b>	<b>Transfers £'000</b>	<b>Balance c/f £'000</b>
<b>Expendable endowment</b>						
The National Lottery Community Fund "Capital Fund"	24,513	-	-	-	(3,389)	21,124
The National Lottery Community Fund "Income Fund"	-	115	(4,016)	512	3,389	-
<b>Total endowment funds</b>	<b>24,513</b>	<b>115</b>	<b>(4,016)</b>	<b>512</b>	<b>-</b>	<b>21,124</b>
<b>Restricted funds</b>						
TNLCF - 5 year strategy from 2021	666	6,634	(6,848)	-	-	452
GLA - Boosting Community Enterprise	60	(52)	(8)	-	-	-
Open Society Foundations	783	411	(939)	-	-	255
<b>Total restricted funds</b>	<b>1,509</b>	<b>6,993</b>	<b>(7,795)</b>	<b>-</b>	<b>-</b>	<b>707</b>
Unrestricted funds	-	53	(18)	-	-	35
<b>Total funds</b>	<b>26,022</b>	<b>7,161</b>	<b>(11,829)</b>	<b>512</b>	<b>-</b>	<b>21,866</b>

During the year money from the Capital Fund was transferred to the Income Fund to meet the Charity's ongoing expenditure requirements not met through other funding.

<b>Movement in 2021</b>	<b>Balance b/f £'000</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Investment gains £'000</b>	<b>Transfers £'000</b>	<b>Balance c/f £'000</b>
<b>Expendable endowment</b>						
The National Lottery Community Fund "Capital Fund"	35,301	-	-	-	(10,788)	24,513
The National Lottery Community Fund "Income Fund"	-	49	(11,276)	148	11,079	-
<b>Total endowment funds</b>	<b>35,301</b>	<b>49</b>	<b>(11,276)</b>	<b>148</b>	<b>291</b>	<b>24,513</b>
<b>Restricted funds</b>						
TNLCF - CCLORS	742	(212)	(239)	-	(291)	-
Liverpool City Region Combined Authority	(21)	47	(26)	-	-	-
TNLCF - 5 year strategy from 2021	-	4,861	(4,195)	-	-	666
GLA - Boosting Community Enterprise	-	115	(55)	-	-	60
Open Society Foundations	-	790	(7)	-	-	783
Other research and HSC work	-	30	(30)	-	-	-
<b>Total restricted funds</b>	<b>721</b>	<b>5,631</b>	<b>(4,552)</b>	<b>-</b>	<b>(291)</b>	<b>1,509</b>
Unrestricted funds	-	27	(27)	-	-	-
<b>Total funds</b>	<b>36,022</b>	<b>5,707</b>	<b>(15,855)</b>	<b>148</b>	<b>-</b>	<b>26,022</b>



### Endowment Funds

The National Lottery Community Fund (TNLCF, formerly the Big Lottery Fund) endowment of £149m is considered in two parts:

- The Income Fund is the earned interest on the investment of the endowment and only available to be used in accordance with the funding terms as set out by TNLCF; and
- The Capital Fund represents the original endowment.

### Other restricted Funds

In 2022, they included:

- A £20m grant from TNLCF over 5 years to support our 2021-2025 strategy
- Grant funding from the GLA for a pilot programme with Co-ops UK on Boosting Community Enterprise
- Grant funding from Open Society Foundations to enable work on Democratic Ownership

## 14. Operating Leases

At the end of the period, the group had future minimum commitments under operating leases (related to our three office locations) as follows:

	2022 £'000	2021 £'000
Payment due:		
Within one year	78	82
Within two to five years	45	119
Over five years	-	-
	<b>123</b>	201

## 15. Contingent Liabilities

At the end of the period, the group had future contingent liabilities in relation to three programmes of activities (Community Shares, Kindred and Powering Up) amounting to £1,650,441. These relate to possible obligations which may arise as a result of uncertain future events that are not wholly within the control of the Charity, for example future onward grants.

## 16. Status of the Charity

Power to Change Trustee Ltd (Company No. 8940987) is the corporate trustee of Power to Change Trust. The Charity came into existence on 21 January 2015 upon receipt of the endowment of £149,204,000 from The National Lottery Community Fund.

## 17. Prior year statement of Financial Activities

Consolidated Statement of Financial Activities  
for the year to 31 December 2021

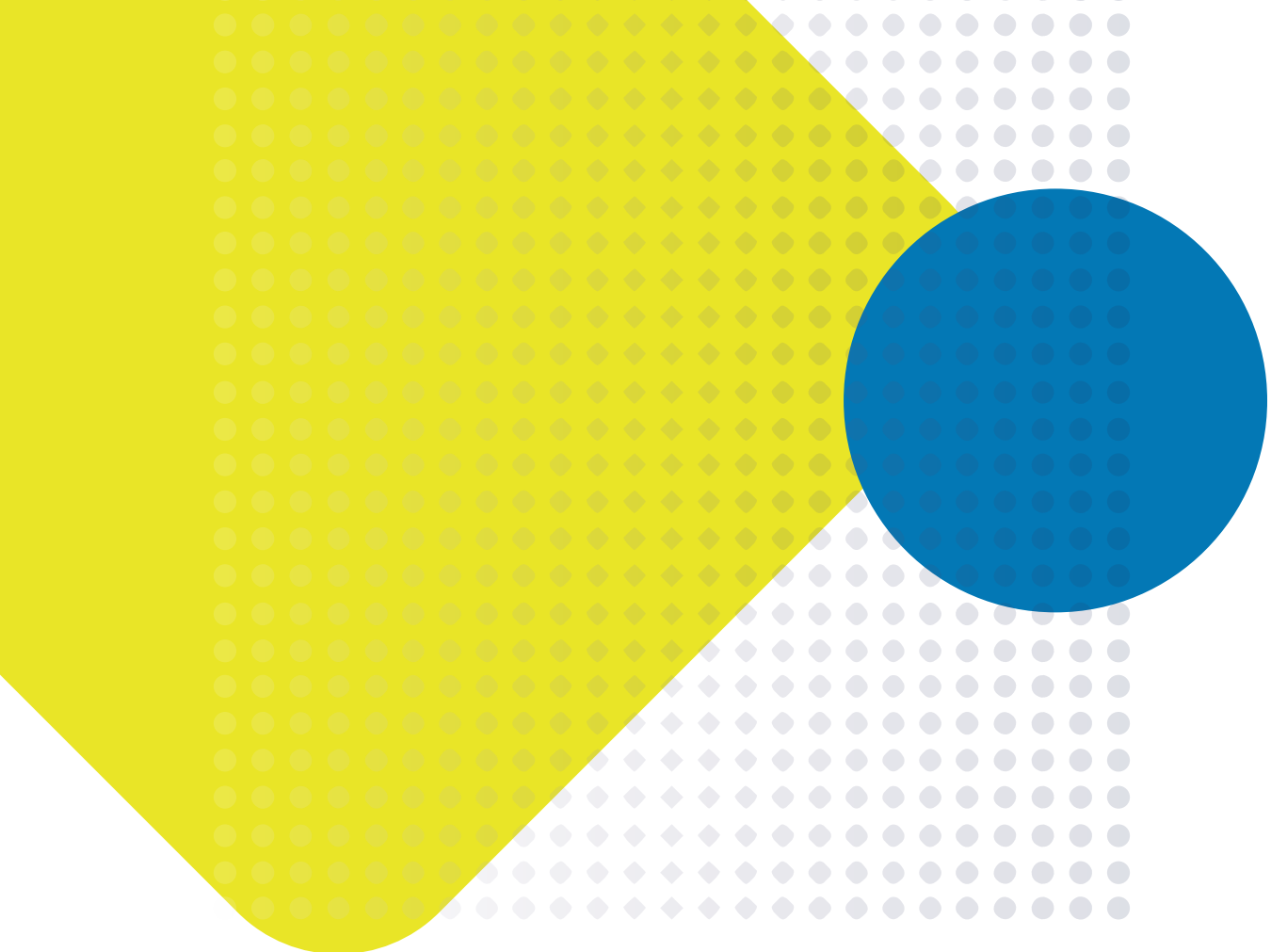
	Notes	Endowment funds	Restricted funds	Unrestricted funds	2021 "Total funds"	2020 "Total funds"
		£'000	£'000	£'000	£'000	£'000
<b>Income from:</b>						
Donations	2	-	15	6	21	5
Charitable activities	2	-	5,616	21	5,637	10,257
Interest and investments	2	49	-	-	49	373
<b>Total income</b>		<b>49</b>	<b>5,631</b>	<b>27</b>	<b>5,707</b>	<b>10,635</b>
<b>Expenditure on:</b>						
Raising funds		57	-	-	57	18
Charitable activities:						
Capabilities		2,857	1,357	4	4,218	1,273
New Economic Models		1,767	1,040	-	2,807	2,655
Market Opportunities		289	917	23	1,229	1,906
Enabling Conditions		147	639	-	786	1,105
New & Diverse Audiences		13	333	-	346	-
Closing programmes		6,146	266	-	6,412	32,800
<b>Total expenditure</b>	3, 5, 6	<b>11,276</b>	<b>4,552</b>	<b>27</b>	<b>15,855</b>	<b>39,757</b>
<b>Net gains / (losses) on investments</b>	9	<b>148</b>	<b>-</b>	<b>-</b>	<b>148</b>	<b>(158)</b>
<b>Net (expenditure) / income</b>	4	<b>(11,079)</b>	<b>1,079</b>	<b>-</b>	<b>(10,000)</b>	<b>(29,280)</b>
Transfers between funds	13	291	(291)	-	-	-
<b>Net movement in funds</b>		<b>(10,788)</b>	<b>788</b>	<b>-</b>	<b>(10,000)</b>	<b>(29,280)</b>
Reconciliation of funds						
Total funds brought forward		35,301	721	-	36,022	65,302
<b>Total funds carried forward</b>	13	<b>24,513</b>	<b>1,509</b>	<b>-</b>	<b>26,022</b>	<b>36,022</b>

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## Reference details and details of auditors

<b>Registered office</b>	<b>The Clarence Centre</b> 6 St George's Circus London SE1 6FE
<b>Charity Commission number</b>	<b>1159982</b>
<b>Trustee</b>	<b>Power to Change Trustee Limited</b> Company number 8940987 – England & Wales (The Directors of the Trustee company are listed on page 36)
<b>Protector</b>	<b>Susan Johnson OBE</b>
<b>Auditor</b>	<b>Crowe U.K. LLP</b> 55 Ludgate Hill London EC4M 7JW
<b>Banker</b>	<b>Lloyds Banking Group</b> 25 Gresham Street London EC2V 7HN
<b>Solicitor</b>	<b>Wrigleys Solicitors LLP</b> 19 Cookridge Street Leeds LS2 3AG





**Power to Change**

The Clarence Centre  
6 St George's Circus  
London SE1 6FE

020 3857 7270

[info@powertochange.org.uk](mailto:info@powertochange.org.uk)

[powertochange.org.uk](http://powertochange.org.uk)

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