



Lloyds TSB | Foundation for England and Wales

Annual Report and Accounts

year ending 2007





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Message from the Chair



Tackling disadvantage is at the heart of all our work and our core focus is on the small and medium underfunded charities that desperately need

our support. In 2007 we tightened our guidelines to focus on local charities with an income of £1 million or less and almost 90% of the charities that we funded had an income of under £500,000 while 40% had an income of less than £100,000. It is essential that our funding is driven by the needs of the charities and communities that we serve. During the year we also began to work on developing a set of programmes for 2008 that will continue to deliver effective and responsive local community grant-making as well as enabling us to make a strategic impact on key areas of unmet need.

Without the commitment and enthusiasm of the individuals who work in charities, both staff and volunteers, our funding could not help those people on the margins of our society that each charity supports. The creativity, commitment and lessons learned from their work need to be shared more widely. We were delighted to hold a Lloyds TSB Foundations' Parliamentary reception jointly with Lloyds TSB Group to celebrate the work of the charities that the four Foundations have funded in the areas of young people and diverse minority communities. Over 50 MPs were able to attend including the Minister of the Third Sector and we were

delighted with the significant networking opportunities that resulted for over 100 charities who attended.

We are very grateful to Lloyds TSB Group for the hard work of all their staff, which resulted in a significant increase in income to the Foundation for 2007 of almost 8%. I would personally like to thank Sir Victor Blank, the Group's Chair, and his senior colleagues for their steadfast support.

As a foundation we could not function without the hard work of our Chief Executive Linda Kelly and our staff who have put enormous effort into developing our grant making approach for 2008 and beyond in order to make the greatest difference with our funding. I would also like to thank our very dedicated Board of Trustees for the commitment of time and energy that they give us. We were deeply saddened by the sudden death during the year of Vicki Andrew MBE. Vicki was a leading figure in the arts and disability worlds – her energy and dedication were inspirational and she is a great loss to the Board. Karamjit Singh, another valued member of the Board stood down at the end of his term of office – and his wise and thoughtful voice will be greatly missed.

I look forward to next year and to the Foundation making an increasingly effective contribution to the vital work of many outstanding charities.

Professor Sir Robert Boyd

Message from the Chief Executive



Our funding is always driven by the needs of those people right on the margins of our society and the charities that work tirelessly to help them participate more fully in local communities.

These smaller charities often have limited resources and time and in 2007 we set ourselves some challenging customer service standards to further increase the level of support and guidance that we provide to maximise charities' chances of success. We were delighted that the grant management team was able to speak to all eligible applicants and visit all charities applying for a grant of over £5,000. Our grants managers' close contact with charities means that we have a high level of interaction with charities and we know that the organisations we support often get caught up in a cycle of endless fundraising. So we continued our policy of funding core running costs (69% of total funding) to enable charities to continue to operate their core services while also moving to longer-term funding, appropriate to the size of the charity, to help charities plan for a sustainable future. 40% of our grants were for multi-year funding in 2007 (66% of total grant spend).

Because of our extensive grass-roots links into local communities, the Foundation is well positioned to be able to identify emerging issues and trends in disadvantage and in 2007 we

commissioned an in-depth research project into four key areas of unmet need where the Foundation could make a strategic impact. This work will feed into the development of our new 'issue-based' programmes for 2008 and beyond. Learning from our grant making is key to programme development and we also commissioned two pieces of work into assessing the effects of core funding within our Community programme and to measure progress after the first six months of our pilot 'ex-prisoners' programme.

During 2008 we will offer a fully integrated set of grant making programmes to ensure that we continue to deliver effective and responsive local community grant making while developing a more strategic focus through developing an 'outcomes' approach and 'issue-based' funding. We also aim to be a growing voice for smaller charities that often struggle to be heard at a national level – to help ensure that their essential work is recognised by the public, media and government.

In order to ensure that we have the most appropriate organisation to deliver our 2008 programmes, we undertook an organisational restructure at the end of 2007. I wish to acknowledge and thank all staff during this time of transition which has led to improved administration systems, an expanded geographical presence and increased contact with the local charities that we serve.

Linda Kelly



Who we are

The Foundation's mission is to support and work in partnership with recognised charitable organisations which help disadvantaged people to play a fuller role in communities throughout England and Wales.

A leading community funder

The Lloyds TSB Foundation is one of the UK's leading grant makers and funds thousands of charities working to tackle disadvantage across England and Wales and helping to empower those people on the margins of our society. These charities work at the heart of local communities and the Foundation's core ethos is to support local community involvement and engagement.

We are a registered charity and run as an independent foundation. Our covenanted income comes from the 1% of pre-tax profits that the four Lloyds TSB Foundations receive from Lloyds TSB Group, averaged over three years. The four Foundations, covering England and Wales, Scotland, Northern Ireland and the Channel Islands, have received more than £165 million over the last five years.

A 'local' funder

The Foundation's funding is always driven by communities' needs and we have a particularly strong local knowledge and presence across England and Wales.

Our grants managers are locally based and now visit all charities applying for a grant of over £5,000 to ensure that we understand applicants' needs and can give a high level of guidance and support.

As a 'local' funder the Foundation is keen to fund small and medium 'underfunded' charities and the majority of charities that we support have an income of £1 million or less.

Open and accessible to all

We operate to high standards and we aim to be:

- accessible to all
- approachable and supportive
- responsive and customer focused
- straightforward
- timely and transparent.

Our aims in 2007

- ▶ Delivery of the three key grant making programmes in 2007 to a consistent quality standard.
- ▶ To change the balance of our current grant making process from a 'front end focus' ie focused on application forms and assessments visits to a more appropriate balance, including post grant monitoring and learning and to develop the necessary methods to do this.
- ▶ Ensuring that the necessary training, follow-up and peer group review is achieved to ensure learning and development within our grant making.
- ▶ To provide consistent leadership internally particularly in the area of grant making.
- ▶ To continue to focus on the clear need for active two-way communication through the team and develop the management skills of the organisation.
- ▶ To restructure the organisation so that it reflects the needs of the integrated grant making programme and the infrastructure this requires.
- ▶ To invest sufficient time and resource in the upgrading and reorganisation of our key database and information systems so that they serve our key purpose ie high quality, customer responsive grant making.
- ▶ To revise the role of the Trustees with regard to grant making such that it reflects the changes in programmes and adds strategic value to our grant making programmes.
- ▶ To actively communicate the work of the Foundation in terms of its delivery and relevance to the communities we serve to the relevant stakeholders.

How we achieved our aims

- ▶ a suite of quality grant making programmes tackling disadvantage
- ▶ improving our grant making processes
- ▶ learning from our grant making
- ▶ communications – speaking out
- ▶ moving the Foundation forward



1. A suite of quality grant making programmes

Our grant making approach

Funding in disadvantage

All of our funding aims to deliver our mission of helping disadvantaged people to play a fuller role in the communities of their choice. Our extensive local presence and knowledge means that our grant making is always driven by the needs of the communities that we support and we are uniquely placed to spot and react to emerging trends in disadvantage. In 2007 the Foundation funded charities working in over 20 areas of disadvantage – the top ten were:

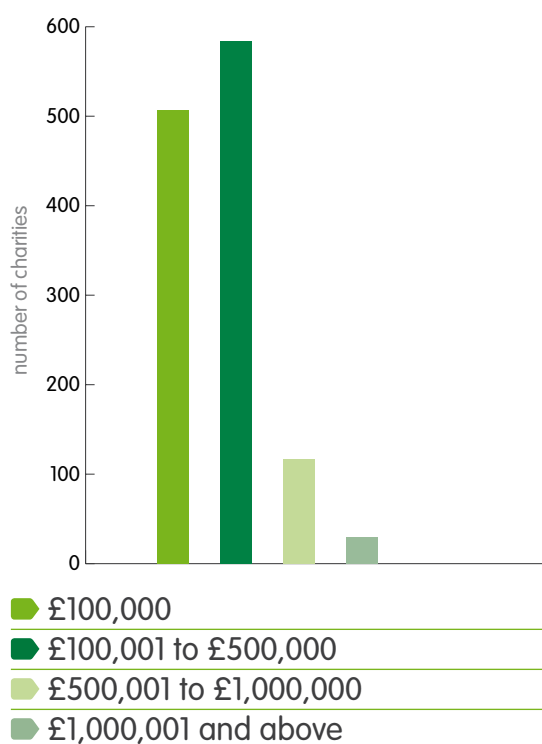
Children and Young People	£2.8m
Advice/Advocacy/Outreach	£2.4m
Older People	£2.1m
Health including Mental Health	£1.9m
Disability	£1.7m
Support in Specific Geographical Areas	£1.6m
Training and Education	£1.4m
Justice, At Risk and Victim Support	£1.4m
Ethnicity or Language	£1.0m
Family and Relationships	£1.0m

Focus on smaller charities

As a 'local' funder our core focus is on supporting the small and medium charities that provide essential services for local communities. Only local charities with an income of under £1 million and national charities with an income of up to £5 million are eligible to apply to the Foundation.

40% of all organisations that we fund have an income under £100,000 and 47% have an income of £100,000 to £500,000.

Funded charities' income 2007



Supporting both well-established and innovative new work

In 2007 we were keen to support both well-established and new work across the voluntary sector in order to ensure that our funding reflects and supports the full spectrum of charities' work to tackle disadvantage. We applied this approach across all our programmes and funded a broad range of both existing and innovative work.

A 'second stage' funder

In 2007 the Foundation carried out a review of funding needs across the sector and the role of other funders and we identified 'second stage funding' as a key funding requirement. We therefore set out to support and develop charities that are looking to innovate, expand, improve or maintain the organisation's capacity/effectiveness or the services provided.

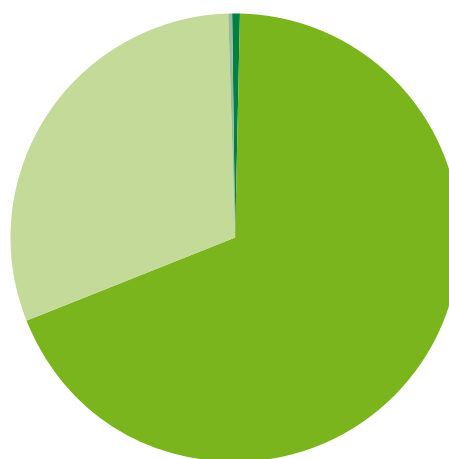
Longer-term funding

In the past we have been a prolific giver of small grants and charities have asked us for longer-term funding to enable them to plan for a sustainable future. In 2007 we started moving towards longer term funding of up to three years appropriate to the size of the charity and 40% of our grants were for multi-year funding in 2007 (66% of total grant spend). The average grant size increased from £8,000 in 2006 to £11,000 in 2007.

Core cost funding

We are one of the few grant makers who fund running costs in addition to project funding, including salaries, to ensure that charities can continue to operate their core services. In 2007 we provided core funding across all our programmes – 69% of our total grant spend compared to 62% in 2006 (excluding Matched Giving).

Funding type 2007



Capital	£80,989
Core	£16,039,014
Project	£7,120,971
Other	£98,460
Total	£23,339,434*

*excluding Matched Giving

"The grant gives us some breathing space from further fundraising to cover salaries. Now we can devote our time to developing a new service in Darwen. Our aim is to provide semi-independent living to young people so that they can develop life and social skills prior to living independently."

Paula Kaniuk,
Chief Executive, Nightsafe

Our grant making programmes

In 2007 we offered the following suite of grant making programmes:

Community Open Programme

- Funding for work that helps disadvantaged people to play a fuller role in communities across England and Wales.

Community Priority Programme

- Focused funding designed to meet local and national needs.

Collaborative Programme

- Support for charities working together to add value and create better outcomes for their beneficiary groups.

Action Research

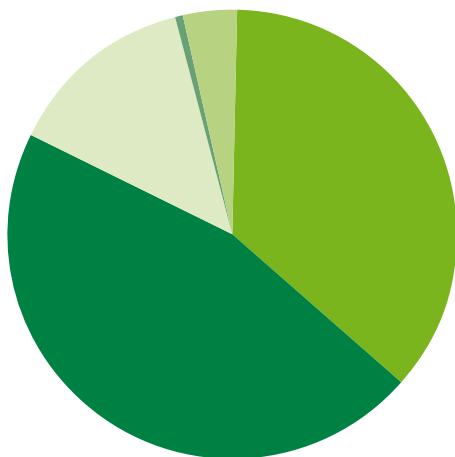
- Funding for pilot projects based on social mapping to inform the voluntary and community sector.
- Funding to pilot particular pieces of work within disadvantage and evaluate their impact on communities.

Matched Giving Scheme

- For Lloyds TSB and Foundation staff involved in charity fundraising or volunteering.

A full list of grants approved during 2007 is available on request from the Foundation.

Funding programmes 2007



TOTAL APPROVED GRANTS 2007

	Amount (£)	No
■ Community Open	8,808,508	622
■ Community Priority	11,085,703	585
■ Collaborative	3,352,808	50
■ Action Research	92,415	2
■ Matched Giving	928,099	2,711
	£24,267,533	3,970

Breakdown for local programmes for 2007

Region	Community Open/ Priority		Collaborative		TOTAL	
	Amount (£)	No	Amount (£)	No	Amount (£)	No
East of England	1,156,134	56	70,480	1	1,226,614	57
East Midlands	1,672,724	89	250,748	4	1,923,472	93
London	2,049,294	130	296,591	5	2,345,885	135
North East	1,874,195	114	280,782	3	2,154,977	117
North West	2,024,619	116	259,728	4	2,284,347	120
South East	1,645,298	84	98,664	2	1,743,962	86
South West	1,798,269	174	520,764	9	2,319,033	183
Wales	1,790,711	136	274,368	4	2,065,079	140
West Midlands	2,109,555	162	813,426	12	2,922,981	174
Yorkshire	1,828,647	103	197,300	2	2,025,947	105
Total	17,949,446	1,164	3,062,851	46	21,012,297	1,210

Breakdown for national programmes

	Community Open/ Priority		Collaborative		TOTAL	
	Amount (£)	No	Amount (£)	No	Amount (£)	No
England & Wales	1,944,765	43	289,957	4	2,234,722	47

Programme	For time		Fundraising		TOTAL	
	Amount (£)	No	Amount (£)	No	Amount (£)	No
Matched Giving	159,197	431	768,902	2,280	928,099	2,711

Community Open programme

£8.8m

total

622

grants

£14,200

average

58%

multi-year grants by value

As our flagship grant making programme, the Community Open programme is a broad and reactive needs-driven programme designed to respond to and fund:

- charities whose work falls within our overall guidelines and mission statement – ie their work helps people who are disadvantaged to play a fuller role in the community of their choice
- smaller local or regional charities with an income of £1 million or less and charities working across England and Wales – the grant will be appropriate to the size of the charity
- both existing and innovative new work in order to keep abreast of emerging trends
- core and project funding
- applications for funding of one to three years.

During 2007 we funded a wide range of organisations working to tackle disadvantage at a local and national level. Research into a sample of charities funded shows that our funding supported organisations which met the following criteria – that the charity:

- demonstrates clear evidence of need
- is a key (or sole) organisation or service in their community/field
- supplements/complements 'mainstream' provision or provides a gateway to other provision
- is able to express a particular community's needs, and or represent that community including those that would otherwise be unserved
- empowers its users and promotes inclusion and or community cohesion
- is a high quality organisation that is clear on its mission and values
- has a clear and effective organisational or fundraising strategy or business plan
- is well led/governed.

The key ways in which our funding supported those organisations and, or their services were to:

- maintain the organisation in existence
- enhance the organisation's capacity or effectiveness
- help the organisation through periods of transition or difficulty
- support the continued provision of services
- fund the expansion of services
- improve the quality of service delivery.

Changing Faces


£34,978 over two years towards the salary of the Head of Adult Services – England and Wales-wide charity.

Changing Faces supports children, young people and adults with facial and body disfigurements from across the UK. Changing Faces has developed a programme of life skills workshops and regional days, counselling and self-help guides to teach people techniques to cope with social attitudes and others' reactions and improve self-confidence and self-esteem. Our funding supported the post of the head of adult services to continue and develop the work of the Adult Services Team.

"This role is essential to the ongoing delivery and development of our service. I manage and support a team of specialists providing practical and empowering counselling to men and women with facial and body disfigurements who seek our help (up to 850 each year). We arrange and facilitate group events, produce self-help resources, and connect with other appropriate support groups and organisations. This grant also enables me to contribute to the work of the Management Team of Changing Faces, helping to ensure sound decision-making on all the charity's affairs, and the development of the charity's Strategic Plan."

Bernadette Castle, Head of Adult Services, Changing Faces

By kind permission of Changing Faces



What do you say to
someone like me?

Try 'Hello'.



Families First Isle of Wight

£35,229 over two years towards the costs of the Family Support project for fathers and grandparents – South East.

Families First is dedicated to delivering key support to disadvantaged families throughout the Isle of Wight. The charity aims to work with all members of the family and offers a number of vital services such as parenting classes, peer support, parent and toddler groups, basic skills classes for parents and health visitor sessions.

The charity identified the need to increase the number of fathers and grandparents using its services and our funding has helped to introduce innovative schemes such as the remote control club, bike safety classes and informal support groups for grandparents. Grandparents and fathers can access a range of support services such as basic skills training, CV writing and IT training skills. These new activities will help the charity to bridge the gap between family members to ensure that children in deprived areas get the best possible start in life.

“This funding has allowed us to have the money and time to support dads and grandparents in the community. We are very excited about what can be achieved now that we have a dedicated worker who will be completely focused on this fantastic project and vision over the next two years.”

Karen Downes, Manager, Families First Isle of Wight

Canopy Housing Project

£28,400 over two years towards a new housing project in Harehills - Yorkshire.

The Canopy Housing Project is a community housing project based in inner city Leeds that buys and renovates run down houses to create quality housing for people affected by homelessness. Over the last ten years, the charity has successfully renovated over 35 properties in two deprived areas of Leeds and worked with over 400 volunteers.

The Canopy Housing Project has enabled homeless people to play an active role in the renovation, resulting in a sense of ownership and pride and enabling them to re-join the local community with fresh skills and renewed confidence for a better, more positive future. At the end of the project each participant is given the opportunity to take on the tenancy of the refurbished property.

“At Canopy Housing Project homeless people work alongside our diverse volunteer team to turn derelict houses into decent homes. The grant towards our volunteer program is allowing us to bring people together to learn skills, increase confidence, break down barriers and make big improvements to the local neighbourhood.”

Ashley Rose, Project Co-ordinator,
Canopy Housing Project



Community Priority programme

£11.1m

total

585

grants

£19,000

average

66%

multi-year grants by value

In addition to our 'general' needs-driven Community Open Programme we also set out to proactively target key local social issues. In order to identify 'priority' issues for funding we consulted with the sector at a regional and a national level.

Many of the funding priorities for 2007 were continued from 2006 in order to allow us to create a sustained impact on identified issues. The full list of funding priorities can be found below:

Carers	East of England, Wales
Diverse minority communities	East Midlands, South East, West Midlands, national charities
Domestic abuse and sexual violence	Wales
Excluded young people	Greater London, North East
Inclusion through technology	North West
Learning disability	National charities
Locally deprived areas	West Midlands
Mental health	Greater London, South West, Wales
Older people	East of England, East Midlands, North East, North West, West Midlands, national charities
People returning to the community	South East
Physical or learning disability	Yorkshire
Prisoners, ex-prisoners and their families	Greater London
Refugees and asylum seekers	Greater London, Yorkshire, national charities
Rural disadvantage	East Midlands, South West, Yorkshire
Social and geographical isolation	North East
Substance misuse	North West, Wales
Urban diversity	South West

Greater Walker Community Trust

£36,036 over three years towards the salary of a support worker – North East.

The Greater Walker Community Trust provides day care services to older people affected by rural isolation in the Greater Walker area. The Trust provides a bus service to bring people to the community centre where they can get a hot lunch and take part in a range of arts and crafts activities, dominoes, bingo and trips out. Our grant funded a new volunteer co-ordinator to recruit, train and support the many volunteers that enable the charity to run the wide range of activities on offer. Having an extra pair of hands on deck has also meant that the project manager has more time to concentrate on developing new activities and secure further funding.

“Our grant has enabled us continue to deliver high quality social care and increase the capacity of our groups meeting the needs of the local community. We now have an average of 147 older people accessing our services and indirectly a further 31 main carers receiving valuable respite time each week. The social interaction, personal and emotional support the groups provide contribute to a sense of wellbeing, promote independence and a sense of ownership of ‘their clubs’.”

Jen Brumwell, Project Manager,
Greater Walker Community Trust





Crumbs Project

£25,000 over two years towards the salary of a Project Assistant – South West.

The Crumbs Project supports people over the age of 16 affected by mental illness, substance or alcohol abuse, head injury or learning disability wishing to find work – Crumbs provides training and personal development through its cooking and baking pre-employment programmes.

The courses last from one to two years and the team encourage every participant to identify their own goals, offering all the encouragement and confidence needed to complete the Basic Food Hygiene and Health and Safety Certificates and go on to find permanent employment or further increase their skills through a college course.

Our funding supported the salary of a project assistant who helps with the training courses, in both the bakery and the café, and plays a key role in developing future pilot projects to further expand the activities the charity can offer.

“Crumbs staffs are the core of our service delivery. Their ideas and enthusiasm have contributed so much to the development of Crumbs. This grant will enable our project assistant time to develop the new SnakPak tuck box service, creating further work experience opportunities for our trainees.”

Anne Gardner, Secretary and Chief Executive, Crumbs Project

Pakistan Community Centre

£30,000 over two years towards the salary of the Centre Manager to expand services to women and young people – East Midlands.

“The grant has provided the community centre with a much needed resource to support those most deprived within the community; in a range of activities from supporting people into employment to providing general advice, guidance on immigration issues, translation of forms and signposting. Without this funding Derby would have been left with a huge vacuum in the provision of key services for one of the most disadvantaged communities within the East Midlands.”

Mohammed Riasat, Centre Manager, Pakistan Community Centre

Black Training and Enterprise Group (BTEG)

£50,000 over three years towards the salary of the Director – England and Wales-wide charity.

BTEG provides a voice for over 600 black and minority ethnic organisations. Since many BME groups are small and under-resourced and find it difficult to be heard at a national level, BTEG uses its position to represent their views and to influence government policy. BTEG also provides practical support such as running capacity building workshops.



Collaborative programme

£3.4m

total

50

grants

£67,000

average

86%

multi-year grants by value

The Collaborative programme was established in 2000 to encourage co-ordination, co-operation and collaboration between charities and, in certain circumstances between voluntary organisations and statutory services, to improve the voluntary sector's effectiveness. Over the last seven years, the needs of the sector have significantly changed and our programme has evolved in line with those needs. In 2007 the programme aims were to provide support for charities working together to add value and create better outcomes for their beneficiary groups through funding three types of work: co-ordinating services; working more effectively through cross sector working; and mergers – both pre and post costs.

In 2007 we focused on making grants of at least £20,000 up to three years in length in order to make substantial grants over an appropriate timeframe.

We received 94 applications and approved a total of 50 grants totalling £3.4m. We received a much higher volume of applications in 2007 due to proactive promotion of the programme (94 in 2007 compared to 299 between 2000 and 2006.)

The average grant awarded was £67,000 and 86% were for multi-year funding reflecting our aim of making larger grants over a longer timeframe. The applications represented the following types of collaborative work:

- co-ordinating services (14% of grants)
- cross-sector working (38% of grants)
- co-ordinating services and cross-sector working (38%)
- mergers (10% of grants).

The key benefits of collaborative funding to charities in 2007 included:

- improved services to users from a multi-agency approach
- organisations being able to undertake work they could not do alone
- the joint venture being able to access major funding
- charities sharing best practice and knowledge
- economies of scale including cost savings
- improved organisational effectiveness and confidence
- charities sharing risk and undertaking higher risk projects
- a higher profile for the joint venture.

New Pathways, Rape and Sexual Abuse Support Services and the Probation Service

£69,448 towards salary costs of a Project Manager and a Project Support Officer – Wales.

New Pathways and the Probation Service in Wales have come together to increase the availability of support and counselling services on offer to offenders and ex-offenders who have experienced rape or sexual abuse. Probation officers will refer individuals who they consider may benefit from the specialist counselling services provided by New Pathways.

Our funding has supported the salaries of a Project Manager and Project Support Officer. This project will ensure that offenders and ex-offenders receive specialist help for the trauma they have suffered from rape or sexual abuse, helping them to cope more positively with their experiences and avoid reoffending.

“This grant has enabled us to provide help and support to some of the most disadvantaged, socially excluded and at risk members of our society. It is truly saddening that many see imprisonment as the best that they can do. We help to change that perception and help individuals to become valued family members, responsible members of society, and to live purposeful, independent lives. Without this funding The Outlook Project would not have continued and many of our clients would still be stuck in a cycle of negative coping, offending and further imprisonment.”

Michael Wilkinson, Project Manager,
New Pathways, Rape and Sexual
Abuse Support Services

Plymouth CAB

£50,000 towards the development of Advice 4 All – a network of advice organisations in Plymouth.

Plymouth CAB is working with a wide range of advice organisations across the city including Plymouth City Council, Age Concern, the Consumer Support Network, Devon Energy Advice Centre, Devonport Regeneration Company, DIAC, Plymouth Guild, Job Centre Plus, MIND, and Shelter, in order to improve access for clients seeking advice and support. As current advice services are fragmented and communication between different agencies is difficult, this new initiative will help to remove barriers to access, allow for joined-up casework and make it easier for disadvantaged people to access the help they need.

To help get the project off the ground our grant funded a training initiative that will build the capacity of advice organisations in Plymouth, enabling them to work together more effectively, improve referrals, increase access to training and provide clearer and more consistent information to clients.

“Thanks to our grant we have been able to set up a new, comprehensive training programme for advice workers in Devon and Cornwall. This will significantly improve both the quality and consistency of advice across the region and serve the needs of over 20 partner organisations.”

Gill Tishler, Director, Plymouth CAB



Homeless Link, Help the Aged, hact and 130 member organisations

£91,860 over three years towards running the Coalition on Older Homelessness – England and Wales-wide.

The Coalition on Older Homelessness is a network of organisations and individuals working across the housing, homelessness and older people fields. The Coalition is unique in bridging existing gaps between these sectors to address the specific problems that older homeless people face.

Our funding has supported the continuation of this funding and over the next three years the Coalition will work together to increase appropriate accommodation for older homeless people, develop preventative approaches and roll out web-based tools for local authorities and other organisations working with this vulnerable client group.

“This funding has allowed Homeless Link, Help the Aged and hact to work collaboratively to raise the profile of older homeless people and their very specific needs. The partnerships they have built between the homelessness sector, the mainstream older people’s sector and housing associations, are resulting in improved solutions for this marginalised and vulnerable group.”

Alice Evans, Head of Policy Analysis,
Homeless Link

Action Research programme

We launched this particular programme as a pilot to fund 'action research work' and to assess sector demand and the skills needed to deliver this type of funding. The types of work we were looking to fund included:

- ▶ pilots based on social mapping for the voluntary and community sector
- ▶ piloting particular pieces of work in disadvantage and evaluating the impact of these in communities.

We gave two grants in 2007:

South Riverside Community Development Centre Ltd – Wales

£40,600 towards the costs of the Equal Project – research to examine the value of translation services and materials as a means of communicating with minority communities in Cardiff who do not have English as a first language.

Fostering Network – England and Wales-wide

£51,815 towards the costs of a research study on supported lodgings for young people leaving care in England aged 16 to 21.

The Matched Giving Scheme

- ▶ £159,197 – 431 claims for time (33,437 hours)
- ▶ £768,902 – 2,280 claims for fundraising
- ▶ £928,099 – total paid
- ▶ £342 – average claim
- ▶ £2,631,379 in total for charities*

(* including total raised pre-matching)

The Matched Giving Scheme encourages members of staff to get involved in the voluntary sector and to help fundraise through personal participation in events or give their time freely to support the work of charities across England and Wales. The scheme is open to Lloyds TSB Group and Foundation staff and Trustees.

Staff can claim up to £500 in each calendar year for a charity whose work falls within the Foundation's guidelines for which they have either raised money for or given time to. We match every pound raised or donate £5 per hour of voluntary time given.

In 2007 we increased the amount of funding allocated to the Scheme to 4.5% of our funding allocation – £1.2 million (£1 million in 2007) and we also increased the amount that staff can claim to £500 each year. To ensure consistency across the four Foundations we developed a new simplified more efficient claims process – and changed the way cheques are sent out so that the charities now receive the cheques rather than individuals to avoid any issues of fraud.



Volunteering time

"I get great satisfaction from teaching gymnastics to the children at Europa, although it is a very disciplined sport you also have to bring a fun aspect to it and this clearly shows in the kids faces especially when they learn something new. I feel that volunteer work in our club is of great importance as this way funds that are raised can be used to purchase new apparatus and safety equipment which is vital in this sport. I hope to be volunteering my time at Europa for many years to come and will definitely be putting my name forward for a volunteer helper at the 2012 Olympics which will be taking part at a venue not far from our gym, who knows maybe one of our up and coming young stars will be competing, fingers crossed!"

Lisa Fanelli, Lloyds TSB Bluewater branch

Fundraising

Stuart Griffith, Senior Commercial Manager, Carmarthen / West Wales Group and the other members of the Llandybie Parish Church Entertainment Committee organised an event to celebrate St David's Day and raise money for Amman Valley Dementia Carers Support group which raised £1,593 (including £500 from the Foundation). This local charity provides support for people with dementia and their carers through a day centre, information and training and social activities for carers and clients. More than 200 people came along for the March celebratory lunch of traditional Welsh stew or 'Cawl'.

2. Improving our grant making processes

In 2007 we set out to improve our grant making approach to ensure that it is:

- ▶ consistent
- ▶ high quality
- ▶ equitable.

Assessing grants – setting standards

We pride ourselves on our local presence, accessibility and the support we give to potential applicants. In 2007 we were keen to set standards for the level and type of contact that we have with each of our applicants in order to standardise our customer service and maximise charities' chance of success.

We set ourselves the following targets:

- ▶ 100% contact with all applicants
- ▶ all recommended grants over £5,001 (£10,001 for national charities) to receive a documented assessment visit
- ▶ at least 65% of our visits to charities to be pre-application visits
- ▶ at least a 60% success rate for applicants.

We were able to speak to all eligible applicants and visit all those applying to a grant of over £5,000. Many of the smaller charities that we support often have limited resources and lack fundraising skills/staff – by setting this standard of customer contact we are able to give applicants an even higher level of support and guidance and make the best use of charities' time.

Over 70% of all our visits were pre-application visits and as a result of our efforts we increased applicants' overall success rate to 70% (66% in 2006).

Reviewing grants – staff peer reviews

In 2007 we introduced the concept of peer review across the grant making team in order to:

- ▶ assess applications in a more consistent consultative way
- ▶ share best practice around grant assessments
- ▶ facilitate grant making support from colleagues
- ▶ promote shared learning across the team.

We held four peer group sessions during the year.

Reviewing grants – Trustee grant panels

In June 2007, the Board of Trustees agreed that the structure of Board meetings would be changed and that oversight of grant making be delegated to a set of grant panels (grant subcommittees) with agreed terms of reference, and appropriate delegated authorities for implementation effective from 1 January 2008.

3. Learning from our grant making

Programme and grant monitoring

We monitor both our programme and individual grants in order to feed into our future grant making and programmes – in 2007 we undertook the following grant monitoring activities:

Programme monitoring

We monitored: the size of charity; the size and length of grant; grant spend against each budget; the range of charities/issues chosen; rejections; charities' missions; and contact with charities.

Grant monitoring

As well as monitoring that our money has been spent on the correct purpose we introduced mid-grant monitoring for multiple and mid-year grants in 2007 to ensure that we have the opportunity to see the results of funded work 'in action'.

These visits provide vital information to feed into future programme development and shared learning and also help us to network groups and strengthen relationships with our grant recipients. (The grant management team carried out 219 mid-grant visits during the year.)

Evaluating the effectiveness of our grant making

During 2007 we undertook two major pieces of work in order to evaluate the effectiveness of two our grant making programmes:

Ex-prisoners' funding programme initial evaluation

In 2005 the Trustees agreed to develop focused funding streams in order to maximise the Foundation's impact within a key area of disadvantage and in 2006 we ran our first pilot 'themed' programme aimed at supporting work to 'more effectively integrate individuals into society following a custodial sentence'. We had a particular interest in work that focused on:

- re-establishing individuals within their family following a prison sentence
- addressing the specific needs of this diverse population
- addressing the mental health needs of individuals who have served a prison sentence.

We made 41 grants totalling £1.4 million with an average size of £33,800 and in June 2007, our grants managers visited each grant recipient to obtain a six month progress update on the work so far. The key findings in terms of the programme and process were:

- 90% of grant recipients had made progress towards the grant objectives
- the average lead time was four months, mainly due to recruitment
- there were project changes to 50% of grants due to changes in funding, prison support, organisation staffing and structure as well as increased demand
- one in five charities reported sustainability issues, particularly when work was being piloted
- longer-term funding would have been appropriate in a number of cases
- external evaluation would be appropriate for particular projects.

Our grants managers also identified a number of common issues faced by charities working in the sector, in particular with regards to funding and we will be producing a report in 2008 which identifies those issues and assesses each grant.

Core cost funding evaluation

This piece of work set out to identify and measure: the values or benefits that result from the Foundation's core cost funding of organisations with an income of £1 million or less; to what extent these can be measured; and any implications for the grant assessment process.

Methodology:

The study analysed a random sample of grants made under the Community programme during 2006 to organisations with an annual income of £1 million or less. (147 grants – 10% of the total.) The average (mean) grant size was £8,522 and the majority (125) of grants were for one year. In 60% of cases the grant was equal to less than 10% of the organisation's total income. Following the initial analysis, a draft framework of questions to capture the value or benefits of core funding was tested against a sample of 76 grant assessments completed during early 2007.

Conclusions:

The analysis identified two broad outcomes from the grants reviewed – their contribution to sustaining and developing the capacity of voluntary sector organisations on the one hand (35%) and the maintenance (46%) and extension (27%) of services or activities of benefit to different constituencies of users on the other. Secondly, it highlighted the importance of an assessment of the value of the organisation or service to be funded in terms of the need for the service and its wider impact. In each case, we were able to construct a simple table which mapped specific means, criteria or indicators onto these broad dimensions and these then provided the material to construct an assessment framework.



Research

Following the 2006 pilot, the Foundation will be launching a set of issue-based programmes in 2008 which will each tackle a key area of unmet need where the Foundation can make a significant impact. In preparation, the Foundation commissioned a detailed piece of research in 2007 into the four 'priority' areas that have emerged from our needs-led Community programme which included:

- homelessness
- mental health – adults and children
- refugees, asylum seekers and migrants, with an interest in trafficked women
- ex-institutionalised people, focusing on ex-offenders, but also including children leaving care, people with mental health problems leaving care and ex-drug users.

New Philanthropy Capital produced an in-depth research report into:

- each of the issues, the needs arising within each one, and the provision for these needs, from both government and the charitable sector
- how the Foundation could work within, and have most impact on, each of the areas of need
- which areas would most benefit from significant additional funding over the next three years
- how the areas fit with both the Foundation's role as a community funder and its mission
- where the Foundation's strength as a community funder would be most valuable.

The content of this research will form the basis of the launch of the first of our 2008 issue-based programmes.

4. Communications – speaking out

In 2007 we undertook a programme of external communications activities to promote our grant making programmes and approach and the work of the charities we support including:

- ▶ developing a 'suite' of complementary publications that communicate who we are and what we do, in an accessible way, including our funding guidelines – a brand review was undertaken and a fresh new design applied across all literature
- ▶ relaunching our website with a new accessible and fresh design that is quick and easy to navigate with dynamic targeted content including a how to apply wizard
- ▶ employing a fixed-term Media and PR Manager to champion and promote the work of charities supported (and to help charities to promote their work), as well as communicating changes to our programmes
- ▶ holding a Parliamentary reception jointly with Lloyds TSB Group to celebrate and promote the essential work of small and medium charities working in the areas of young people and diverse minority communities to MPs – over 50 MPs attended including Minister for the Third Sector and charities were delighted with the range of networking opportunities
- ▶ relaunching the standardised four Foundations' Matched Giving Scheme to staff across Lloyds TSB Group
- ▶ proactively working together with Lloyds TSB Group for 'mutual reputational' benefit, developing relationships with key stakeholders across the Group.

Internal communications

In 2007 we increased our active focus on internal active two-way communications. A clear two-way communication structure has been established with opportunities for staff to give feedback both formally and informally:

- ▶ interactive grant making meetings involving peer review and feedback
- ▶ staff involvement in developing programmes and guidelines
- ▶ an annual staff conference
- ▶ regular staff forums – twice a year
- ▶ monthly office meetings
- ▶ monthly senior management meetings
- ▶ formal performance and development reviews
- ▶ informal channels.

5. Moving the Foundation forward

Improving our grant making systems

The management information systems have been significantly upgraded to enable 'true' monitoring of individual and team progress against targets and budgets. We also focused on improving the reporting structures for the production of management information and the analysis of grants data, which has helped to improve the way that we manage our grant making, including grant monitoring. These more effective management systems, structures and resources are now bedded in.

Reshaping the organisation

In order to ensure that we have the most appropriate organisation to deliver our 2008 programmes and approach we also undertook a full restructure of the organisation at the end of 2007 to:

- ▶ create improved geographical coverage for the Foundation and a greater local presence – 16 locally based grants managers
- ▶ develop a higher skill level in policy, communication, evaluation and finance – including the recruitment/ planned recruitment of a Head of Policy and Knowledge Management and Finance Manager
- ▶ centralise our administration team and processes and reduce the volume of administration
- ▶ provide flexible resources to accommodate different programme needs.

Investing in people

In 2007 we completed the development of a robust and effective HR framework including detailed HR policies and processes which are now fully embedded across the Foundation. Staff development is key to meeting the changing needs of grant making and in 2007 we allocated £20,000 (£700 per person) to training, ran a series of senior management skills sessions and fully reviewed and revised our induction training programme.

We were delighted that we successfully retained our Investors in People award with very favourable feedback as this was the first time that the Foundation was assessed within the context of its own policies and processes which provided an opportunity to benchmark the Foundation in terms of its people, policies and practices.

2008 and beyond

In order to deliver our core objectives we have set the following priorities for 2008 to:

- ▶ actively promote our new grant making approach, our programmes and the benefits of our work to relevant stakeholders
- ▶ develop and deliver four key programmes in 2008 in a timely, consistent and relevant manner
- ▶ facilitate the 'voice' of smaller charities working in disadvantage
- ▶ embed the new organisation ensuring that we have an informed, approachable, responsive and customer focused team
- ▶ ensure consistent clear leadership particularly in grant making
- ▶ further develop our organisational skills in quality grant making and 'total grant care'
- ▶ implement the new grant administration and governance systems to ensure timely, effective, accessible and responsive grant making
- ▶ invest sufficient time and resource in our key information systems so that they serve our key purpose.



Structure, governance & management

Governing document and constitution

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

Objects

The objects of the Foundation, as set out in the Memorandum of Association, are as follows:

The Foundation is established to do anything which has a charitable purpose, including in particular (but without prejudice to the generality of the foregoing)

To advance education and training in all aspects of knowledge by means of (but not limited to) the making of grants, including the establishment of scholarships and prizes, and other like awards.

To advance scientific or medical research, on the condition that all useful results of such scientific or medical research are published, and education in scientific or medical research by means of (but not limited to) the making of grants, including the establishment of scholarships and prizes, and other like awards.

To promote the provision of facilities in the interest of social and community welfare for recreation and leisure time occupation and enjoyment of the arts with the object of improving the conditions of life of people who are disadvantaged by youth, age, infirmity or disablement, poverty or social and economic circumstances.

Recruitment and appointment of Trustees

The Trustees, who are also directors of the company, are as listed on page 50. Their appointments are made by the Board of Lloyds TSB Group plc on the recommendation of the Foundation's Nomination Committee. The support of the Foundation Board of Trustees is normally sought prior to recommendations being put forward.

The Nomination Committee operates under terms of reference and has been delegated certain functions from the Trustee Board. Trustees' skills and interests are regularly reviewed, and prior to seeking a new Trustee the Nomination Committee specifically reviews the composition of the Board to identify any specific skills required. Applications for trusteeship are sought by public advertisement, normally

in national broadsheets, and through personal contacts. Interviews are held with all members of the Nomination Committee and the Chief Executive.

Trustees serve for a three-year period, may be reappointed for a further three-year period, and exceptionally for a third term.

Induction and training of Trustees

Newly appointed Trustees are provided with a comprehensive pack of induction materials, including the Foundation's Memorandum and Articles of Association, and have induction meetings. New Trustees are encouraged to visit beneficiary charities together with a member of staff. A mentor is appointed from among the serving Trustees, to support newly appointed Trustees at the beginning of their term of office. Guidelines are provided for the mentoring relationship.

Trustees are invited to highlight any particular areas of interest in which they would value specific training, and this is a standing item for discussion during the mid-term reviews held by the Chair and Chief Executive. Details of Trustee training events run by external organisations such as NCVO (National Council for Voluntary Organisations) are routinely circulated to Trustees.

Organisational structure and decision-making

The Lloyds TSB Foundation for England and Wales is one of the UK's largest grant making trusts. Our mission is to be a leading grant maker supporting and working in partnership with charitable organisations which help people, especially those who are disadvantaged, to play a fuller role in communities throughout England and Wales.

There are four independent Lloyds TSB Foundations (for England and Wales, Scotland, Northern Ireland and the Channel Islands), which were established at the time of TSB Group's flotation in 1985 to preserve in a permanent framework the TSB's traditional role of contributing to the life of the community.

The four Foundations were endowed with 78,947,368 limited voting shares which now represent 1.4% of Lloyds TSB Group's share capital. In lieu of dividend on the shareholding the four Foundations receive a covenanted income equal to 1% of the Group's adjusted pre-tax profits, averaged over three years. The Foundation for England and Wales receives 72.12% of this income under Deed of Covenant, in proportion to its shareholding of 56,936,842 of the limited voting shares.

The Foundation has an extensive local presence. This enables the Foundation to respond effectively to local social needs.

The Board

The Board of Trustees meets quarterly with additional meetings as required. The board meets to agree the Foundation's policies and direction. Appropriate levels of delegated authority are in place. From January 2008 the authority of the full Board is required for grants above £100,000, separate panels of Trustees have delegated

authority for grants between £10,001 and £100,000 and the Board has delegated authority to senior management for all grants of £10,000 and below.

Board Committees

There are three permanent Committees of the Board, with Terms of Reference approved by the Board, to which they report on their meetings and other activities.

The role of the Audit Committee is to satisfy themselves that any financial statements published by the Foundation follow approved accounting principles and give a true and fair account of the Foundation's affairs. This includes examination and review of the Foundation's annual accounts with the auditors prior to consideration by the full Board, and examination and review of any reports prepared by the Lloyds TSB Group internal audit function. The Committee's remit also covers the Foundation's approach to Risk Management and accounting policy.

The role of the Nomination Committee is to make recommendations to Lloyds TSB Group Board on the appointment of new Trustees, giving due consideration to the balance of skills, interests and experience on the Board of Trustees. The support of the Board of Trustees is normally sought prior to recommendations being put forward to Lloyds TSB Group Board.

The role of the Remuneration Committee is to be aware of and advise on any proposals with regard to reward strategy and pay policy within the Foundation and the policy for and scope of pension arrangements. It is also kept fully informed on their implications for the future running of the organisation. It ensures that contractual terms on termination of employment, and any payments made, comply with the approved policies of the Foundation.

It also considers the performance of the Chief Executive and determines and agrees, with the Board of Trustees, the broad framework and policy for the remuneration package of the Chief Executive.

Related parties

The Foundation is related to Lloyds TSB Group plc and connected to the Lloyds TSB Foundations for Scotland, for Northern Ireland and for the Channel Islands. See Note 13 for details of transactions with these connected charities and related parties.

Each Foundation is directed by its own independent Board of Trustees. The Chairmen of the four Foundations meet twice a year accompanied by the senior executives of the four Foundations, to ensure a degree of commonality between the work of the four Foundations but each Board of Trustees has full power to determine its own policies and practices.

Risk management

In respect of operational practices, a review of risks facing the Foundation was reviewed by the Board in June. The review covered strategic, operational, financial,

personnel, IT and reputation risks. Risks identified are prioritised in terms of potential impact and likelihood of occurrence, and the Trustees confirm that systems or procedures are in place to mitigate the significant risks identified. The review incorporated examination of the adequacy of the Foundation's internal controls. It is recognised that risk management is an ongoing activity involving all Trustees and staff, and is established as an annual agenda item for the Board and audit committee.

The Trustees consider that the Foundation is not exposed to any significant financial risks in relation to the use of financial instruments as its financial assets are held as cash in bank and it has no debt. The Foundation is not exposed to credit risk as debtors are insignificant; to foreign exchange risk as all the transactions are denominated in sterling and price risk is not relevant given the nature of the Foundation's activities.

Reserves

The Trustees have agreed a policy of retaining sufficient reserves at the year end to cover six months non-grant expenditure for contingency purposes, pension liabilities and anticipated costs of closure, including redundancy.

In accordance with the above policy, the trustees have designated £2 million for the above purpose and the balance for grant-making.

Trustees responsibilities

Company and charity law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Foundation and of its financial position at the end of the year. In preparing those financial statements, the Trustees have:

- selected suitable accounting policies and then applied them consistently
- made judgments and estimates that are reasonable and prudent
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepared the financial statements on the going concern basis where it is appropriate to do so.

The Trustees have overall responsibility for ensuring that the charity has an appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Foundation and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Foundation and therefore required to take reasonable steps towards the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the website and for electronically distributing the annual report and other financial information. The work carried out by the auditors does not involve consideration of these matters, and accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

Company Secretary

Cedric Burke, Director of Finance and Administration, held office as Company Secretary to November 2007. The Board of Trustees appointed Jocelyn Boughton, Director of Finance and Administration, as Company Secretary from December 2007.

Disclosure of information to auditors

The Trustees who held office at the date of approval of this Trustees Report confirm that, so far as they are each aware, there is no relevant audit information of which the Foundation's auditors are unaware; and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the Foundation's auditors are aware of that information.

Auditors

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

This report was approved by the Board of Trustees 2 April 2008 and signed on their behalf by:

Professor Sir Robert Boyd
Chair of Trustees

Jocelyn Boughton
Company Secretary

Financial Report and Accounts

Independent auditors' report to the members of the Lloyds TSB Foundation for England and Wales

We have audited the financial statements of Lloyds TSB Foundation for England and Wales for the year ended 31 December 2007 which comprise the primary financial statements such as the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees, who are also the directors of Lloyds TSB Foundation for England and Wales for the purposes of company law, for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the charitable company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the [group and] charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 December 2007 and of its incoming resources and application of resources, including its income and expenditure and cash flows, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

16 May 2008

STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Incoming resources			
Incoming resources from generated funds			
Covenanted income	13	26,781	24,845
Interest	13	1,391	867
Other incoming resources	2	36	26
Total incoming resources		28,208	25,738
Resources expended			
Charitable activities	4	26,410	25,249
Governance costs	4	110	61
Total resources expended		26,520	25,310
Net income for the year		1,688	428
Reconciliation of funds			
Funds brought forward at 1 January		5,371	4,943
Funds carried forward at 31 December		7,059	5,371

The statement incorporates the Income and Expenditure account.

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

The notes on pages 42 to 49 form part of these accounts.

BALANCE SHEET

At 31 December 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Tangible assets	5	62	101
Investments	6	-	-
		62	101
Current assets			
Debtors	7	80	64
Cash at bank and in hand		16,135	9,041
		16,215	9,105
Creditors: amounts falling due within one year	8	(7,717)	(3,617)
Net current assets		8,498	5,488
Total assets less current liabilities		8,560	5,589
Creditors: amounts falling due after one year	9	(1,501)	(218)
Net assets		7,059	5,371
Total unrestricted funds			
Income funds	10	7,059	5,371

Approved by the Trustees on 2 April 2008 and signed on their behalf by:

Professor Sir Robert Boyd
Chair of Trustees

The notes on pages 42 to 49 form part of these accounts.

CASH FLOW STATEMENT

Year ended 31 December 2007

	2007 £'000	2006 £'000
Net cash inflow from operating activities	5,703	1,902
Returns on investment and servicing of finance:		
Bank interest receivable	1,391	867
Capital expenditure:		
Payments to acquire tangible fixed assets	-	(101)
Increase in cash	7,094	2,668

Reconciliation of net income to net cash inflow from operating activities

	2007 £'000	2006 £'000
Net income for the year	1,688	428
Less: Bank interest receivable	(1,391)	(867)
Decrease/(increase) in debtors	(16)	399
Depreciation charge	39	32
Increase in creditors	5,383	1,910
Net cash inflow from operating activities	5,703	1,902

Analysis of changes in cash during the year:

	2007 £'000	2006 £'000	Change in year £'000
Cash at bank and in hand	16,135	9,041	7,094

The notes on pages 42 to 49 form part of these accounts.

LLOYDS TSB FOUNDATION FOR ENGLAND AND WALES

NOTES TO THE ACCOUNTS

1. Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards, including the Statement of Recommended Practice – Accounting and Reporting by Charities 2005 (SORP 2005), and in accordance with the Companies Act 1985.

Fund accounting

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

Grants payable

Grants, both single and multi-year, are recognised in the accounts as liabilities after they have been approved by the Trustees, the recipients have been notified and there are no further terms and conditions to be fulfilled which are within the control of Foundation. In these circumstances there is a valid expectation by the recipients that they will receive the grant.

Valuation of assets

Tangible assets are valued at historic cost less depreciation. Investment assets are valued at market value, as determined by the trustees after appropriate advice. (See Note 6.)

Capitalisation and depreciation

The minimum value for the capitalisation of tangible fixed assets is £750. Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal rates used, which are consistent with last year, are:

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

Allocation of costs

Charitable activities include the direct costs of the grant awards and the indirect support costs of delivering the grant programmes. Support costs are allocated on the following basis: firstly costs directly attributable to a specific programme and secondly on the funding allocation for each programme. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice.

Pension costs

The Foundation has employees who are members of the Lloyds TSB Group Pension Schemes No 1/No 2. The schemes have been accounted for by the Foundation as defined contribution schemes as the schemes' actuaries are not able to specifically identify the Foundation's share of the underlying assets and liabilities. The amount expended during the year represents the contributions paid during the year as determined by the scheme actuaries. The Foundation also contributes to a defined contribution scheme. Contributions in respect of the year are charged to the Statement of Financial Activities in the year to which they relate.

Operating leases

Rentals under operating leases are charged as an expense in the Statement of Financial Activities on a straight line basis over the term of the lease.

Irrecoverable VAT

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

2. Other incoming resources

	2007	2006
	£'000	£'000
Non-covenanted income from Lloyds TSB Registrars (Note 13(b))	18	8
Donated Services – Audit	18	18
	36	26

3. Grants payable

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

	2007		2006	
	£'000	£'000	£'000	£'000
Reconciliation of grants payable				
Amounts outstanding at 1 January		3,581		936
Grants approved	24,268		23,317	
Grants cancelled or recovered	(327)		(260)	
Grants payable for the year		23,941		23,057
Grants paid during the year		(18,618)		(20,412)
Amounts outstanding at 31 December (Notes 8 & 9)		8,904		3,581

4. Analysis of expenditure

4a) Charitable activities

	Grants	Grant making support costs	Total 2007	Total 2006
	£'000	£'000	£'000	£'000
Community programmes	19,568	1,998	21,566	20,950
Collaborative programme	3,353	342	3,695	1,777
Matched Giving	928	119	1,047	1,022
Action Research	92	10	102	-
Thematic programme	-	-	-	1,428
International	-	-	-	72
	23,941	2,469	26,410	25,249

4b) Grant making support costs

	2007	2006
	£'000	£'000
Staff costs in support of grant making	1,839	1,647
Other costs (including office accommodation, IT expenses, travel, printing and depreciation)	630	545
	2,469	2,192

4c) Governance costs

	2007	2006
	£'000	£'000
Legal fees	26	15
Auditor's remuneration	18	18
Staff costs	15	14
Trustees' costs	51	14
	110	61

The auditors are appointed on an honorary basis. The value of the audit has been included as a donated receipt within Other incoming resources and as a donated service within Governance costs.

4d) Staff costs

The average number of persons employed by the Foundation during the year was 27 (2006: 32).

	2007	2006
	£'000	£'000
Wages and salaries	902	1,147
National Insurance contributions	79	87
Pension contributions	184	200
Other staff costs*	689	227
	1,854	1,661

* including reorganisation costs

Employees receiving emoluments (salary and benefits in kind, excluding pension contributions) greater than £60,000 are as follows:

	2007	2006
£80,001 – £90,000	1	1
£90,001 – £100,000	-	1
£100,001 – £110,000	2	-
£110,001 – £120,000	-	1
£140,001 – £150,000	1	-

Pension costs

	2007	2006
	£'000	£'000
Defined benefit scheme	140	166
Defined contribution scheme	44	34
	184	200

Lloyds TSB defined benefit schemes

The contribution made to the schemes was £140,000 (2006: £166,000). The contribution rate in 2007 and the additional payments made were as follows:

	Scheme 1	Scheme 2
Contribution rate	24.1%	22.7%
Contribution towards past service liabilities (annually for 10 years from 1 January 2006)	£4,631	£36,579

Qualified independent actuaries carried out the latest full valuation of the Lloyds TSB Group Pension Schemes No 1/No 2 at 30 June 2005 and this has been updated to 31 December 2006. The results of the December 2006 valuation, carried out in accordance with the requirements of the International Accounting Standard 19, disclosed that the overall deficit on the schemes at 31 December 2006 was £2,069 million. Further details of the valuation are disclosed in the Report and Accounts of Lloyds TSB Group plc.

Lloyds TSB defined contribution scheme

New employees of the Foundation are entitled to join the defined contribution scheme. The contribution made to the scheme was £44,000 (2006: £34,000). The employer rate is determined by the member's age and the election by employees to make additional contributions. The maximum rate of contribution payable by the Foundation is 14.5%.

5. Tangible assets

	Furniture and office equipment	Computer equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2007	47	143	190
Additions	0	0	0
Disposals	0	0	0
At 31 December 2007	47	143	190
Depreciation			
At 1 January 2007	20	69	89
Charge for the year	5	34	39
Disposals	0	0	0
At 31 December 2007	25	103	128
Net book value			
At 1 January 2007	27	74	101
At 31 December 2007	22	40	62

6. Investments

The Foundation holds 56,936,842 limited voting ordinary shares of 25p each of Lloyds TSB Group plc, representing 0.7212% of the issued ordinary share capital of Lloyds TSB Group plc. The Foundation cannot sell these shares in the open market and as a result the shares have been valued at nil market value. The shares have no rights to dividend, have voting rights only in limited circumstances, and shall be converted into ordinary shares of Lloyds TSB Group plc in either of the following circumstances:

a) Where a Deed of Covenant is in force in favour of a holder of limited voting shares, on the day following the termination of that Deed of Covenant in consequence of the expiry of notice of termination given by Lloyds TSB Group plc ('the Company') or the commencement of the winding-up of the Company.

For this purpose, 'Deed of Covenant' includes each of the four Lloyds TSB Foundations' Deeds of Covenant and, in relation to each, extends to include any agreement or agreements substituted for that Deed of Covenant, in favour of the holder of limited voting shares benefited thereby or any transferee of that holder's limited voting shares, in terms considered by the directors of the Company to be no less favourable (taking such agreements together if more than one) to the payee or payees under the new agreement or agreements.

b) If an offer is made to ordinary shareholders of the Company to acquire the whole or any part of the issued share capital of the Company and the right to cast more than 50% of the votes, which may ordinarily be cast on a poll at a general meeting, becomes or is certain to become vested in the offeror and/or persons controlled by and/or acting in concert with the offeror.

The shares so converted will carry the right to receive dividends and other distributions declared, made or paid on the ordinary share capital of the Company by reference to a record date on or after the conversion date, and will rank *pari passu* in all other respects with the then existing fully paid ordinary shares.

7. Debtors

	2007 £'000	2006 £'000
Prepayments	15	54
Other debtors	9	10
Accrued interest	56	-
	80	64

8. Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Grants payable (Note 3)	7,403	3,363
Other creditors	314	254
	7,717	3,617

9. Creditors: amounts falling due after one year	2007	2006
	£'000	£'000
Grants payable (Note 3)	1,501	218

10. Movement in unrestricted funds

	Balance at 31 December 2006	Movement in funds		Balance at 31 December 2007
	£'000	Incoming	Outgoing	£'000
		£'000	£'000	
Unrestricted funds	5,371	28,208	26,520	7,059

In accordance with the Trustee reserve policy as described on page 35.

11. Guarantee Company

The Foundation is a company limited by guarantee not having a share capital. The liability of the members is limited by the Memorandum of Association to £1 each. The number of Trustees (including the Chairman) who are also members at 31 December 2007 was 10 (2006: 12).

12. Trustees' remuneration and reimbursed expenses

The Trustees, who are also the directors of the Foundation, received no remuneration during the year. Twelve Trustees received reimbursed expenses relating to travel and subsistence totalling £18,855 (2006: £11,785 to 12 Trustees).

13. Related party transactions

13a) Connected Foundations

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

Lloyds TSB Foundation for Scotland
Riverside House
502 Gorgie Road
Edinburgh EH11 3AF

Lloyds TSB Foundation for Northern Ireland
2nd Floor
14 Cromac Place
The Gasworks
Belfast BT7 2JB

Lloyds TSB Foundation for the Channel Islands
3rd floor
4 St Dunstan's Hill
London EC3R 8UL

The Foundation received £4,200 (2006: £3,700) from the Lloyds TSB Foundation for the Channel Islands in respect of time spent by the Company Secretary on Channel Islands Foundation business.

13b) Related company

The Foundation is related to Lloyds TSB Group plc as it derives its revenue from Lloyds TSB Group plc, which has entered into a covenant to make annual payments to the England and Wales Foundation of a total amount equal to 0.7212% of one-third of the aggregate adjusted pre-tax profits (less pre-tax losses) of the Group for the three years ended on 31 October in the year preceding the year of payment, in lieu of dividends.

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

The Foundation received £26,780,560 (2006: £24,845,000) under Deed of Covenant, and £1,391,447 (2006: £867,000) bank interest was received due to the Foundation using Lloyds TSB Bank plc as its bankers.

At 31 December 2007 a balance of £16,135,000 was held at Lloyds TSB Bank plc (2006: £9,041,000).

The Foundation received £17,601 (2006: £8,064) from Lloyds TSB Registrars within Lloyds TSB Group plc.

Rent payments of £166,046 (2006: £156,885) were paid to Lloyds TSB Group plc for the office accommodation in London. Seven regional offices were provided with office facilities by Lloyds TSB Group plc without charge.

List of Trustees

The following Trustees served between 1 January 2007 & 2 April 2008:

Name	Role and dates if applicable
Prof Sir Robert Boyd	Chair
Ann Curno	Deputy Chair
Vicki Andrew MBE	Until May 2007
Prof Clair Chilvers DL	
Sarah Cooke OBE	
Irene Evison	
John Hughes	
Anne Parker CBE	
Jane Raimes MBE	
Gareth Roberts	
Karamjit Singh CBE	Until May 2007
John R L Smith	

Audit Committee

Gareth Roberts	Chair
Vicki Andrew MBE	Until May 2007
John Hughes	
Jane Raimes MBE	

Nomination Committee

Prof Sir Robert Boyd	Chair
Ann Curno	
Anne Parker CBE	
John R L Smith	

Remuneration Committee

Prof Sir Robert Boyd	Chair
Prof Clair Chilvers DL	
Ann Curno	
John Hughes	

Trustees' biographies

Professor Sir Robert Boyd

Foundation Chair and Trustee since November 2003, Sir Robert is the Greater Manchester NHS Research and Development Director. A former Principal of St George's Medical School and Pro-Vice Chancellor for Medicine at the University of London, he has been scientific advisor to a number of medical charities and was Chair of the Council of Heads of UK Medical Schools from 2001–03. He was a Consultant Children's doctor for over 30 years in London and Manchester. He is currently Chair of the Council for Assisting Refugee Academics and a Governor of Manchester University.

Professor Clair Chilvers DL

Trustee for the East of England and the East Midlands since January 2005, Professor Chilvers is Chair of Nottinghamshire Healthcare NHS Trust. She was previously Director of the Department of Health Research and Development Portfolio in Mental Health and Research Director for the National Institute for Mental Health in England. Formerly Dean of the Graduate School at Nottingham University. Clair is formerly Chair of Southwell Cathedral Council and currently a Deputy Lieutenant of Nottinghamshire.

Sarah Cooke OBE

Trustee for Greater London since January 2006, Sarah specialises in human rights, equality and migration in both the domestic and international arenas. A qualified solicitor she went on, after two years in private practice, to work at Human Rights Watch. From there she went on to be Director at The British Institute of Human Rights, a post she held for seven years before, in July 2005, becoming an independent consultant working on a wide variety of human rights matters for governmental and non-governmental organisations.

Ann Curno

Vice Chair of the Foundation and a Trustee since 2002, Ann has a long involvement with grant-giving charitable trusts, formerly as Grants Officer at the City Parochial Foundation and Director of the Belvedere Trust. Her background in training includes the posts of Senior Lecturer in Community Work at University of London Goldsmiths' College, Training Manager for the Carr-Gomm Society and Training Director for the Poverty Program in Milwaukee, Wisconsin. Ann has also undertaken community development work in the Philippines, the USA and in Southeast London. She is currently a Non-Executive Director of the Mental Health Act Commission.

Irene Evison

Trustee for Wales since April 2004, Irene jointly runs a Wales-based business specialising in community development and sustainable rural development. She works at grass roots with community groups and charities, as well as at a strategic level in the public and voluntary sectors.

John Hughes

Trustee for the South East since January 2005, John is the former Director of Finance for London Transport and London Underground and prior to that, held senior positions in the Prudential Corporation, British Aerospace and Airbus Industrie. He is Honorary Treasurer of the Royal Society of Wildlife Trusts, a Council Member of the National Trust, a Trustee of the Samaritans in Herts/Essex and a Board Member for Biffaward.

Anne Parker CBE

Trustee for the North West since January 2005, Anne is the former Director of Social Services, Berkshire and currently Vice Chair of the Wirral University Teaching Hospitals NHS Foundation Trust and a member of the Criminal Injuries Compensation Appeals Panel. She recently retired as Chair of the Audit Commission Complaints Panel and is the former Chair of the National Care Standards Commission and Carers UK, the national charity for carers.

Jane Raimes MBE

Trustee for the South West since January 2005, Jane is now enjoying a mix of voluntary and paid work, following her retirement in November 2007 from her 20-year term as Chief Executive of Dorset Community Action, the Rural Community Council and Council for Voluntary Service for Dorset.

Gareth Roberts

Gareth has been a Trustee since June 2002 and sits on the board of various oilfield service and supply companies. He is a school governor for a primary school in Birmingham, a trustee for the local high school charitable trust, and an instructor trainer for the Red Cross.

John Smith

Trustee for the West Midlands since January 2006, John is former Chair of MAC – Birmingham's major arts centre and more recently, was the Chair of BBC West Midlands Regional Advisory Committee. A founder member of a Birmingham inner city community centre, he is also a trustee of various charitable trusts. John is a community-based businessman.

Foundation staff

Linda Kelly	Chief Executive
Jocelyn Boughton	Director of Finance and Administration
Birgitta Cliff	Head of Grant Making South
Anne Dawson	Head of Grant Making North
Louise Harley	Head of Communications
Gary Beharrell	Grant Manager, Lincolnshire and Nottinghamshire
Sara Brown	Media and PR Manager
Tina Claeys	Grant Administration Manager
Diana Colinese	HR Manager
Nicola Elliott	Grant Administration Assistant
Peter Ellis	Grant Manager, North East and Cumbria
Nicola Harding	Policy and Communications Officer
Angela Johnson	Grant Administration Assistant
Mike Lewis	Grant Manager, Mid and South Wales
Kate Rounce	Programme Administrator South
Trevor Smale	Grant Manager, Devon and Cornwall
Jude Stevens	Grant Manager, Essex and North East London
Zoe Sykiotis	Grant Manager, Kent and South East London
Yvonne Taylor	Grant Manager, Lancashire and North Manchester

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Number 327114

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Registered Number 1971242

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