

Annual Report and Accounts

year ending 2009



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Message from the Chair & Chief Executive



**Professor
Ian Diamond
Chair**

It is a privilege to join one of the leading grant making foundations working to tackle

disadvantage in its many forms.

2009 was a year of economic and financial difficulty and uncertainty, so I am particularly pleased that we were able to successfully conclude our negotiations with Lloyds Banking Group. Our constructive dialogue encompassed a far reaching and comprehensive review of the financial and strategic arrangements which underpin our longstanding relationship.

Our new agreement will enable us to maintain and expand our funding and support of charities that help so many disadvantaged people. It will also allow us to continue and flourish into the next decade and beyond.

I would like to thank the very dedicated Board of Trustees for their time and commitment. In particular, I would like to acknowledge the work of Professor Sir Robert Boyd who retired as Chair after two terms in office, of Sarah Cooke (Deputy Chair) and of Irene Evison who also left us this year. We will miss their expertise and knowledge.

Finally, I would also like to acknowledge the extremely hard work of Linda Kelly and her team in delivering such excellence in a year of such uncertainty and very much look forward to 2010.



**Linda Kelly
Chief Executive**

Working at the heart of communities to tackle disadvantage has remained at the centre of our work throughout 2009.

The very difficult economic environment has provided some unique challenges and we have proactively sought to respond to these changes in a thoughtful, strategic manner.

We are delighted that we will be able to provide a stable and appropriate funding environment to support the communities we serve for the next decade and beyond.

This year, we launched and delivered our Young Offenders Programme which builds on our work in the Criminal justice system. Its prime focus is on practical and sustainable changes and benefits to and for the young people concerned.

Our flagship Community Programme has provided a balanced portfolio of support to communities throughout England and Wales across all areas of disadvantage.

Our approach has aimed to ensure that charities are able to deliver lasting benefits and changes to their users/beneficiaries, however modest, in often very challenging and difficult circumstances.

In addition, over the last three years this programme has been able to support over 1,900 jobs and over 6,900 volunteering opportunities (often the first step towards employment).

I would like to thank the whole team for their commitment and unwavering support of our work in a year of many changes and look forward to 2010 and beyond.



Who we are

A leading needs driven funder

The Lloyds TSB Foundation for England and Wales is one of the UK's leading grant makers and supports local, regional and national charities working at the heart of communities to tackle disadvantage across England and Wales.

The Foundation is committed to supporting those organisations that deliver lasting changes and benefits to and for their users and beneficiaries. We are focused on supporting charities that help disadvantaged people play a fuller role in the community through:

- improved social and community involvement
- improved life choices and chances
- helping people to be heard

Our extensive network across England and Wales means our funding is driven by local needs. We pride ourselves on our local and national presence and knowledge, strong links with the voluntary sector and our close personal contact with charities.

Our grant team visit all eligible 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.

An independent funder

We are a registered charity and an independent Foundation. Our primary source of income is from Lloyds Banking Group, specified by a deed of covenant. The Lloyds TSB Foundations for England and Wales together with its three sister Foundations (Scotland, Northern Ireland and Channel Islands) have received more than £165 million over the last five years. The Foundation for England and Wales is the largest of the four Lloyds TSB Foundations.

A responsive funder

With the significant changes in the economic and financial environment, the Foundation has entered into a new agreement with Lloyds Banking Group. This agreement will enable the Foundation to maintain and expand its funding and support of charities that help disadvantaged people not only in medium and long term but also in the much needed next four years.

An accessible funder

We aim to be:

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

Our aims in 2009

- ▶ To ensure consistent and clear leadership particularly in grant making both internally and externally
- ▶ To actively promote our new grant making approach, our programmes and the changes and benefits of our work to relevant stakeholders
- ▶ To facilitate the 'voice' of smaller charities working in disadvantage and positively support their funding environment for them
- ▶ To review and develop further sector programmes
- ▶ To deliver the Community Programme in a timely, consistent and relevant manner
- ▶ To further develop our organisational skills in quality grant-making and 'total grant care'
- ▶ To ensure we develop a consistent and relevant data set for each charity we work with
- ▶ To review our income streams given the changes to the economic and financial sectors

How we achieved our aims

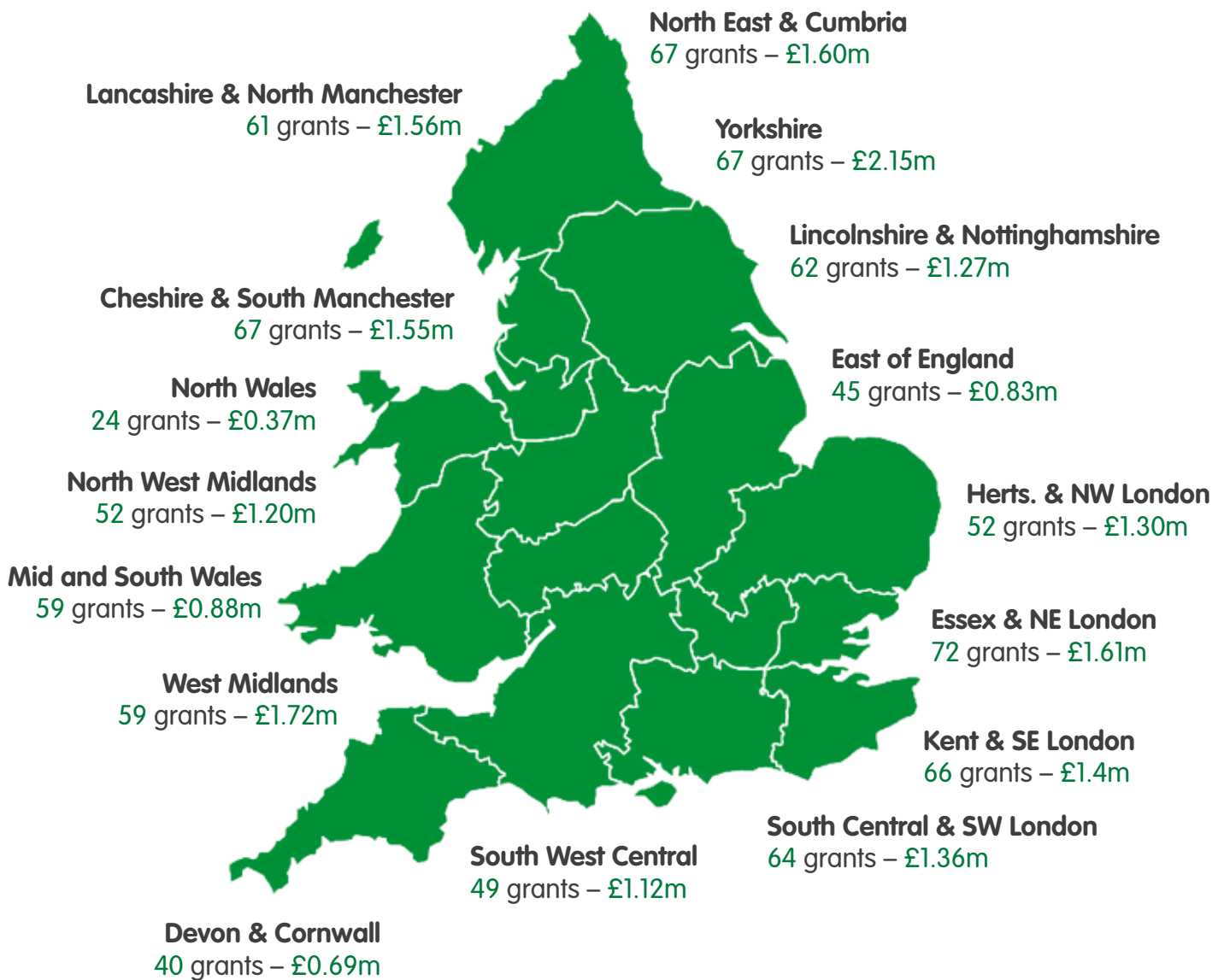
- ▶ Tackling disadvantage across England and Wales
- ▶ Leading the way – balancing needs
- ▶ Investing where it counts
- ▶ Supporting social and community involvement
- ▶ Helping people to be heard
- ▶ Improving life choices and chances
- ▶ Helping in hard times
- ▶ Supporting people to make a difference
- ▶ Putting people at the heart of what we do



Tackling disadvantage across England and Wales

Community programme	£19.6m / 897 grants
Young Offenders programme	£1m / 9 grants
Total	£20.6m / 906 grants

Grants made during 2009 by area:



Leading the way – balancing needs

The Community programme has been the Foundation's 'flagship' programme for many years. It is a rolling three year, needs driven programme that provides core funding for small to medium sized charities that help disadvantaged people live a fuller role in the community.

In 2008, following an extensive review, it was agreed that for the next three year planning period (2009-2011) the Community programme should be focused on:

- 'outcomes' or sustainable changes and benefits delivered to the beneficiaries or users
- providing support and funding across a wide range of disadvantage including geographically based support particularly in areas of deprivation
- providing a balanced portfolio driven by local and national needs and geographical area to give both depth and breadth

Tackling local and national disadvantage

In 2009, we made grants of £19.6m to support the core work of 897 small to medium sized charities. This programme continues to support work tackling issues in over twenty areas of disadvantage and throughout communities throughout England and Wales. In the last three years, we have provided support in over 97% of local authorities.

Local knowledge, local solutions

Our extensive presence across England and Wales means that our grant making is able to tackle national issues by supporting relevant local community solutions.

With an 'ear to the ground' we are able to respond to unmet needs. Our team has strong links across the voluntary and funding sectors as well as close personal contact with charities and therefore able to consider the funding environment not only from a national but also local perspective.

"The local contact with the Foundation was extremely helpful, their explanations very clear, thorough, and precise, and their assistance in going through all the stages of the application and explaining what was required invaluable."

Christine Kay, Project Manager

Investing where it counts



Investing across the spectrum of disadvantage

In 2009, we continued to provide support to tackle the pressing problems faced by people living on the margins of society.

Our top seven funding areas were:

Children and Young People

£2.8m

Disability

£2.6m

Advice, advocacy and outreach

£2.0m

Geographically based support

£1.8m

Health, including mental health

£1.6m

Justice, at risk, and victim support

£1.3m

Family and relationships

£1.2m

This profile has changed over the last three years and we have particularly seen an increase in applications from charities that support people with:

- ▶ learning or sensory disabilities particularly with regard to supporting and improving their social and community involvement
- ▶ mental health issues

And from charities providing :

- ▶ advice, advocacy and outreach particularly debt and financial support

The most deprived areas

The Foundation is committed to tackling disadvantage wherever it exists and our extensive geographical network means that we can ensure we target and weight our support to the most deprived areas of England and Wales. In the last three years, over 40% of our funding was targeted towards the most deprived areas (top 20%).

Funding by the ten most deprived local authorities in England in the last three years:

Liverpool

£1.76m

Hackney

£0.87m

Tower Hamlets

£0.85m

Manchester

£1.24m

Knowsley

£0.22m

Newham

£0.77m

Easington

£0.17m

Islington

£0.88m

Middlesborough

£0.35m

Birmingham

£1.45m

In Wales:

- £3.5 million spent through a total of 142 grants
- 21% going to the four most disadvantaged local authorities (Merthyr Tydfil, Blaenau Gwent, Rhondda Cynon Taff and Neath & Port Talbot)

Tackling urban deprivation

Highly populated inner-city areas continue to experience the highest levels of deprivation. We spent £15m (2007-9) in the 15 most populated local authorities supporting work providing employment opportunities, re-training, improving community relationships and encouraging community involvement.

The Jan Trust

£20,000 over 2 years for the salary of the Project Manager

The Jan Trust offers 150 disadvantaged women a year, from a range of racial, ethnic and religious backgrounds living in deprived areas of Haringey, language courses and a wide range of training – from fashion and design to IT Development – to help them improve their skills, gain professional qualifications and achieve their employment goals.

Linking rural communities

The Foundation has also supported work over the last three years to tackle the lack of accessibility and opportunity leading to social isolation in the most deprived rural communities. Over £4.1 million of Foundation funding has been spent on grants in the fifty most rural areas in England tackling these issues.

From Door to Door/ O Ddrws I Ddrws, North Wales

£5,000 for 1 year to support rural community transport

Providing a community transport bus for older people and people with disabilities living in the remote rural towns and villages of the Llyn peninsula, From Door to Door provided a transport lifeline for over 490 people in 2009, to vital services such as GPs, hospitals, the dentist, college and training courses and work. The charity directly responds to needs identified by its users – helping them to play an active role in their communities, despite the rural isolation they face.

Devon Link-Up

£20,000 for 2 years for the 'Zest for Life' Project

Through its 'Zest for Life' project Devon Link-Up helps over 75 people across Devon each week with learning disabilities play an active part in their rural communities through a range of social, cultural or educational activities of their choice – providing important respite for their carers.

Supporting social and community involvement



Strong local engagement and involvement

As part of our assessment process our team visits potential applicants to ensure that all the charities we fund are strongly rooted in the communities they represent. We focus our support on those charities that effectively involve, listen and respond to their users' needs through strong user representation.

Charities emerging from the very communities they serve have an unrivalled knowledge of the needs their community face. Supporting their community based work encourages a healthy and thriving sector, with a rich diversity of knowledge and approaches to tackling issues of disadvantage - issues that matter most to the communities they support. Community based charities are important drivers and advocates of the approaches they pursue – living and breathing the changes and benefits of the work they undertake.

Brandwood Centre, West Midlands

£35,000 over 2 years for the Centre Manager and Receptionists salary

The Brandwood Community Centre in Birmingham is a focal point helping to voice and address local community needs. From training to financial advice, the Centre supported over 4000 members of the Brandwood Community in 2009.

North Manchester Black Health Forum

£30,000 over 2 years for the salary of the part-time Service Delivery Officer

Based in Cheetham Hill, a significantly deprived area of Manchester, over 60 residents from a diverse mix of cultures and facing shared problems of inadequate housing, poverty and debt and welfare issues, use the charity's support and information services each week.

Through consultation within the local communities it serves, the charity has developed a range of services – including a drop in centre, counselling, advice on mental health and information and outreach services – to respond to the health and wellbeing needs of the community by breaking through racial, language and cultural barriers that have previously left them excluded from important health and social care services.

“Demand for our service is increasing and we were unable to meet this. Funding from Lloyds TSB Foundation has allowed us to meet this extra demand, enhance current services and develop further in the community, now offering outreach services five days a week.” Ruqia Allana, Manager

Investing in regeneration

We are passionate about regenerating communities through 'people focused' work – helping the people we support to improve and strengthen the communities where they live.

In 2009, £1m was spent on community regeneration projects to bring communities closer together through a range of approaches including:

- increased community volunteering
- community-led improvement projects
- greater participation in local community decision-making
- joined-up approaches in tackling some of the hardest community issues
- activities to include the most socially excluded

From taking part in recycling activities to helping others through volunteering and mentoring, the work enables people to gain confidence and make a lasting difference to their local community.

Community Council, Staffordshire

£18,500 over 1 year for the costs of the Village Agent

Across the rural communities of Staffordshire, this council has developed innovative work involving local people to identify and act on local needs.

Through its Village Agent project the council has developed Parish Action Plans and 'self help' action groups for the communities of Swynnerton and Stone. The project will help both these communities develop a clear vision of their future. Over 4,000 residents were engaged in this work to help the sustainable regeneration of their communities, with a particular focus on ensuring disadvantaged and excluded people in the area were heard.



Helping people to be heard



Working with poorly or underrepresented communities

This year, we have particularly welcomed work that supports individuals or communities that are poorly or underrepresented. The work may be from within their own community or to the wider communities and may aim to change mind sets and stereotyping. Examples of our funding include:

A National Voice, East Midlands

£70,000 over two years for the East Midlands Regional Officer

A National Voice (ANV) is run by and for young people who have experienced living in care. In their latest campaign 'This is Not A Suitcase' – the charity has asked Local Authorities to sign a 'No Bin Bag Charter', pledging not to use bin bags to move the belongings of young people in care when they move between placements. They have campaigned by staging a series of refuse collection fashion shows, showcasing clothes made from bin bags. So far over three quarters of the 350 local authorities in England have signed-up to the Charter.

Project Art Works, Hastings

£19,600 over 2 years for the salary of the part-time Programme Manager

Project Art Works supports disadvantaged individuals aged between 4 and 70 who have profound neurological and physical disabilities. They develop groundbreaking visual arts projects helping their users communicate and express their opinions and ideas to help them have better opportunities and chances in life.

"When Cherry is working with Project Art Works, she can do so much more than we ever see elsewhere. The support she gets here doesn't maintain dependency, it creates the place for the strongest Cherry to emerge and play" Angela, parent

Camden Lesbian, Gay, Bisexual and Transgender Forum

£30,000 over 2 years for core running costs

Working on anti-homophobic projects with 1,500 pupils across the London Borough of Camden and with the police to ensure the effective reporting of homophobic crime. The charities 50 dedicated volunteers provide essential support to members of the LGBT community across London, encouraging them to take part in activities and help their voice be heard.

"It is notoriously difficult to obtain funding for organisations in the LGBT sector, let alone contributions to core funding. The money from Lloyds TSB Foundation enables us to provide an ever more vital support service to LGBT victims of crime and harassment and to advocate on inequality and employment issues."

Lou Hart, Director



Mental health

According to the Mental Health Foundation, one in four British adults experience at least one diagnosable mental health problem in any one year – anxiety and depression the most common issues faced.

Although mental disorders are widespread, serious cases are concentrated among a relatively small proportion of people. Those at particular risk include older people, the unemployed, minority ethnic groups, women and offenders.

In 2009, we funded 44 mental health projects totalling £930,000, particularly charities acting as advocates for their users:

- ▶ empowering them to make decisions for themselves
- ▶ helping them voice their concerns

Eiriol, South Wales

£15,000 over 1 year for the salary of the Mental Health Advocate for Rehabilitation Services

Eiriol supports those who have been hospitalised for long periods of time due to mental illness to successfully return to and play a fuller role in the economic, social and cultural life of their communities. Through its advocacy work Eiriol helped over 20 previously hospitalised patients return to the community – helping them access information and defending and promoting their rights.

Improving life choices and chances



Investing in young people

In 2009, we invested over £2.7m in supporting disadvantaged young people to lead active and successful lives. This group often face a large range of complex, challenging and often interrelated barriers and issues including:

- skills training and employment issues
- disability and health problems (including mental health)
- caring responsibilities
- family breakdown and relationship issues
- low self esteem
- geographical and cultural isolation
- homelessness
- drug/alcohol dependency
- debt

Education and training play a vital role in empowering young people. Over 1 million 16-24 year olds are now classed as NEET (Not in Employment, Education or Training) and disabled young people are 50% less likely to be in higher education than their peers.

Mental health is a growing problem that can have devastating consequences and now affects 1 in 5 people aged between 16 and 24.

Caring responsibilities can also be a heavy burden on a young person's shoulders and 175,000 young people are currently looking after an adult's needs.

In 2009 we built our funding approach on looking at young people's needs from a holistic viewpoint. We set out to work in partnership with community based organisations to ensure that the hardest to reach young people we supported were given better choices and a fairer chance in life, whatever their circumstances.

The Door Youth Project

£30,900 over 3 years for core salary costs

Working closely with the Pupil Referral Unit covering Stroud and Gloucester, the Door Youth Project supported over 240 young people in 2009 not in education due to truancy, exclusion and a range of other complex issues including behaviour, Obsessive Compulsive Disorder, Attention Deficit Hyperactivity Disorder, mental health problems, self harm, crime, drugs and alcohol abuse.

It did this through its drop-in coffee bar and the onsite training opportunities, such as its carpentry workshop, leading to recognised qualifications. Furniture and artwork restored or designed by young people taking part was sold on to the public through the charity's Tranzform Shop, growing their self-esteem.

Headland Future Ltd – Young fathers in Hartlepool

£31,000 over 2 years for the salary and running costs

In 2009, the project offered support to 60 young fathers with a history of low educational attainment, unemployment, drugs and/or alcohol abuse access to information, training and support networks. The aim was to raise the aspirations of young fathers and their families in an area of high teenage pregnancy and significant deprivation.

“Lloyds TSB Foundation funding has been essential to ensuring the continuation of the young dads’ project. Without such support, a valuable service which makes a tremendous difference to the lives of local families would be lost.” Graham Alton, Manager

Romsey Mill Trust, Cambridge

£20,000 over 2 years for the salary of the Youth Development Worker

Working in the city’s deprived Abbey Ward; the charity’s Youth Development Worker for the area each year helps 120 hard-to-reach young people, at risk of anti-social behaviour, to re-engage with their community. Outreach work, and activity-based projects based on sports, music and motorbike maintenance opportunities, enable these young people positively to take charge of their lives and to improve the communities where they live – helping them remain or move back into education and on into employment.

“Romsey Mill boosted my confidence and helped me look out for other options.” Service user



Investing in young people

Young Offenders Programme

In 2009, we launched our Young Offenders Programme to support charities aiming to improve the life choices and chances of young offenders. Nearly half (42%) of first-time offenders are young adults and re-offending amongst young people is particularly high, with 75% of young men released from prison in 2004 reconvicted within two years.

A total of £997K in grants was awarded to charities with a track record of working with young offenders to help address this problem through:

- new and innovative work
- proven models of successful work
- work enabling the development of joined up projects

This work builds on our 2008 Ex-Prisoners Continuation Funding Programme which helped ex-prisoners successfully reintegrate back into the community.

The Foundation's work has received significant interest from the Ministry of Justice and National Offender Management Service and we chair the MOJ/NOMS infrastructure advisory group.

Young Offenders Programme funding

Issue	No. of grants	Value £K
Gang culture	1	206
Housing/Accommodation	2	253
Mentoring	2	183
Training and intervention	1	125
Addiction/Family support	1	96
Gender	1	74
Sexual offenders	1	60

Helping in hard times



Investing in advice

Over 3 million low earners now worry 'all the time' about their personal finances. The recession has led to a marked increase in demand for debt advice and associated services, and the National Debt Line has seen a 150% increase in calls over the last two years.

Our focus is on supporting vulnerable groups, including people with mental health problems, disabilities and the elderly, many of whom can become isolated from friends and family due to the financial circumstances they find themselves in.

In 2009 we provided £2.2 million of support to charities providing advice including:

- one to one counselling and advice on debt and benefits
- outreach and information services to the hardest to reach groups
- workshops supporting good financial practice
- self advocacy, for users to speak out to improve their personal situation

This funding has ensured that hundreds of vulnerable people are now receiving the support they need to cope with debt, manage their budgets better and avoid being taken advantage of by inappropriate lenders – restoring and improving their quality of life.

The Foundation has funded 27 Citizens Advice Bureaux working in deprived areas with a total of £718,200 in 2009. Their work has been vital in addressing rising debt problems as a result of the current recession.

The Cathedral Archer Project, Sheffield

£37,400 for 1 year for the salary of the centre manager plus on costs

The charity works with over 1200 clients a year – including street sleepers, probation referrals, failed asylum seekers and those in B & B or short-term accommodation – and has specialist workers for drugs and alcohol, a women's support worker, and an activities co-ordinator, all of whom provide ongoing and in-depth support to individuals to move towards a more stable lifestyle.

The Cathedral Archer Project provides financial advice and welfare support to the clients it sees as well as food, washing, clothing and leisure activities in a safe community environment.

Blaenau Gwent CAB

£8,100 for 1 year for the development of their outreach service

In the deprived area of Blaenau Gwent in South Wales, the Foundation has funded the development of the local CABs outreach service, increasing the range of face-to-face support it offers into Nantyglo, Brynmawr, Llanhilleth and Brynithel – previously without any debt advice services.

Blaenau Gwent CAB helped people suffering from financial problems improve their money management, become aware of their rights and explained the financial help and support available to them.

Brighton Unemployed Families Project

£30,000 over 3 years for the salary of the Welfare Rights Officer

Growing from community needs the centre offers participation projects encouraging people into volunteering and positive activities. Activities include an allotment project, education courses, a drop in centre for families wanting healthy meals, temporary housing for new families arriving into the community, playrooms, a crèche and advice and information on welfare rights. The centre has developed directly from the needs of unemployed families in the community and this year will help over 500 families coping with debt.

“Three year Lloyds TSB Foundation funding has secured the immediate future of our Welfare Rights Project, which has been invaluable in the current economic climate, with increasing demand for our services.”

Lisa Marshall, Fundraiser

We also support a variety of projects supporting homeless people suffering from financial exclusion, often less well equipped to manage their cash, debt or banking alone and often suffering from violence, aggression and addiction.



Supporting people to make a difference



Supporting core costs

We are one of the few funders that fund core costs and invariably these fund the key people that make a real difference to local communities. Charities often struggle to get funding to pay for their people and since 2007, £45.4 m of our funding went directly to staff salaries for essential posts within the charities we support. In the last three years, we have directly supported over 1,900 jobs.

Not only do we fund the people who make a difference, our funding has also supported the creation of over 6,900 volunteer opportunities in the same time period. These roles are not only critical to the charities for delivering much of their work to their beneficiaries/users but also can provide the much needed first steps towards employment.

The Time Exchange, Newcastle

£28,200 over 2 years for the salaries of the full-time manager and part-time Development Officer

Time Exchange is a community based time bank in Newcastle. Local residents exchange skills and services with one another using credits to record their contributions. For every hour that its 150 volunteer members give, they each earn a time credit which can be used to access skills and services offered by other members.

The activities, from teaching healthy cooking to providing advocacy work, target a range of disadvantaged groups in the area including Black and Minority Ethnic communities, older people or people with Mental Health problems in supporting independent living.

It is anticipated our funding will lead to over 3,000 volunteer exchanges as a means of relieving poverty and providing access to skills for disadvantaged people.



Our commitment to charities



Responding to needs

The impact of the recession has had a significant effect across the voluntary sector and in 2009, we surveyed over 700 of the smaller community based charities (with an income of under £1million) to understand the impact and effect.

Over half had seen a fall in income in the first two quarters of this year compared to last, with the smallest charities (income under £50,000) hit the hardest. The recession has led to the closure of services to, and a significant increase in the numbers of, people seeking support. 80% of charities have seen a corresponding increase in demand (a third over 25%) putting even more pressure on already limited resources.

Charities are doing more to increase their income through various channels and are also seeking a range of ways to reduce costs. However they remain dependant on funding from trusts, foundations and the public sector as they seek to survive the economic downturn. Surveyed charities were very clear about the types of funding they need if they are to operate effectively into the future:

- a continued funding commitment through the downturn
- funding for core service and organisational work as opposed to the development of innovative services and capital costs
- clear and consistent priorities from funders
- longer and larger grants
- fundraising, communications and planning support

In 2009 we answered these needs by continuing to provide:

- core running costs which are so vital to enable charities to continue their work
- multi year investment to help support sustainability
- clear, consistent and accessible advice on who and how we fund

We also aim to support and develop the funding environment by facilitating the 'voice' of those we support.

"We are a small, locally focussed charity facing a harder time raising funds as demand for our services grows. This core cost funding means we can go out and help more people to escape the traumatic experience of homelessness."
John Handley, Manager, Bridge Trust, Tonbridge (£31,600 over 3 years)

Investing to support sustainability

In 2009, we set out to ensure that charities received the right level of funding and support from us to plan, develop and sustain their community-based work. Our focus is on multi-year grants of an appropriate size to give charities essential breathing space to plan ahead. In 2009, our average grant size was £22K and 79% of grants were for 2 or 3 years.

The impact of the recession showed an increase in requests for grants and our team provide support and signposting to those who were ineligible or unsuccessful in their application

- ▶ 4,267 grant requests
- ▶ 2,235 that were eligible
- ▶ 906 that were approved

We particularly focussed on supporting smaller charities that deliver tangible changes and benefits and it is these organisations that have been most affected by the recession. In 2009, over 66% of our funding went to charities with an income of under £250,000, and of these 33% had an income of less than £100,000.

Supporting the sector

We also supported the sector by taking over the Large Grants programme from the HBOS Foundation to ensure we continued to provide the support and funding needed by the charities. This programme provides support to nine charities in the following fields:

- ▶ Development of money advice services to people with mental health problems
- ▶ Financial literacy schemes for
 - disadvantaged young people
 - disadvantaged black and minority ethnic communities
 - disadvantaged communities in Sheffield
 - vulnerable young people coming out of care and young offender institutions
 - tenants in social housing
- ▶ Supporting students from disadvantaged backgrounds to go to University
- ▶ Developing smaller charitable organisations





Our commitment to fundraising and volunteering

Fundraising from the heart

Fundraising is a key source of income for many charities and Lloyds Banking Group staff are passionate about raising money for the charities of their choice.

The Matched Giving Scheme matches staff's efforts with up to £500 and we actively encourage staff to raise money that will make a difference. From car boot sales to sponsored shaves – fundraising ideas are as varied as they are creative.

Individuals walk, trek, run, ride and swim to raise money. 21 members of staff from Commercial Change Management and IT completed a sponsored cycle ride from London to Bristol, together raising over £5,000 for the Muscular Dystrophy Campaign.

2009:

- 2469 staff took up the challenge
 - £1.3m was matched for charities
 - £2.3m was raised in total for charities
-

The top five charities staff fundraised for were:

- Cancer Research
- NSPCC
- Macmillan CS
- Girlguiding UK
- When You Wish Upon a Star

Friends United Network (£5,000)

One of the first mentoring and befriending service established in the UK, FUN provides long-term support for excluded children through simple activities such as playing football, going to the park, visiting a museum or just having a chat in a café. Through these activities volunteers build a one-to-one relationship with the child and help them to build self-confidence and esteem.

In July 2009 staff from across the country raised a total of £5,000 for FUN through their annual charity golf challenge at Copt Heath, Solihull, which was matched by the scheme.

Action on Addiction (£970)

Addiction breaks up families, damages communities and destroys lives. The only UK charity working across the addiction field in research, prevention, treatment, professional education and family support is Action on Addiction.

"Action on Addiction has really given me my life back and has taught me to be respectful to myself, to others and to boundaries. I will always be grateful to Action on Addiction for putting me on the road to recovery"
Gary, Client of Clouds House

The value of volunteering

Every year thousands of Lloyds Banking Group staff dedicate hours of their personal time volunteering for charities close to their heart. The Foundation is committed to supporting and championing volunteering efforts through the Matched Giving Scheme.

The scheme is open to all Lloyds Banking Group colleagues and staff can claim up to up to £5 per hour up to £500 per year for their favourite charity.

In 2009:

- 39,291 hours of staff's time given
- £117K matched for charities

The top two charities representing 51% of all time spent by staff volunteering were:

- The Scout Association – 11,945 hours
- Girlguiding UK – 8,279 hours

The remainder of time went on a wide range of charitable causes including supporting hospices, community centres, riding groups for the disabled, activities for people with learning disabilities, out of school clubs, rescue organisations, health charities and many more.

Samaritans (1,205 hours)

Lloyds Banking Group staff volunteered at Samaritans branches across the country, including deprived areas such as Rotherham, helping provide emotional support to people experiencing feelings of distress or despair, including those which could lead to suicide.

Caring at Christmas (56 hours)

Caring at Christmas looks after homeless people in Bristol for Christmas and throughout the rest of the year, the charity provides food, temporary accommodation and information in tackling homelessness. Rosemary Naish, from the bank's Bristol headquarters, gave up 56 hours of her time.

"Without the commitment of volunteers like Rosemary the Shelter would not open. Giving up her time over Christmas means that many people who are homeless or vulnerably housed have somewhere to stay, 3 meals a day, medical services, entertainment and company." Beverley Symonds, Charity Manager



Our commitment to communication and learning

We are committed to promoting the voice of the smaller community based charities we support and the positive changes they make to the lives of their users and beneficiaries.

- We surveyed over 700 charities on their current funding environment and the challenges and opportunities they face and used the results of this research to inform our own learning.
- We promoted the activities of the charities we support through 120 articles in local, regional and national media and trade publications. With over a third of our media coverage now generated by charities themselves, through the use of our Media Guide, we reach a readership of 2.9 million.
- We continued to provide support and information at a range of regional and local funding fairs.
- We contacted all English and Welsh MPs, as well as Welsh Assembly Members over the ongoing charitable work we have funded in their constituencies.
- We continued to promote the work of the Foundation at a national level through speaking engagements at national third sector events and participation in national policy forums.

- We also continued to promote the benefits of our work including the Matched Giving Scheme to all Group staff.

- We continue to work proactively with the Group for mutual reputational benefit.

Open to all

- We responded to 4,267 requests and personally visited over 1,400 eligible charities in 2009, to give advice and assistance on how to apply for funds from the Foundation and, if we were not right for them, suggesting other appropriate funders.
- We distributed over 9,500 copies of our guidelines and information leaflets, describing who we are and how we fund through the range of funding fairs we have attended this year.
- We reviewed our grant administration process to further improve its efficiency in handling grant applications to the Foundation.
- Our Grant Administration staff have been provided with training and coaching in effective communications to help them screen initial enquiries to the Foundation and provide advice to applicants.

Putting people at the heart of what we do

We are committed to a culture of learning and continuous improvement and actively seek to develop and support our team to use their skills and judgement to make recommendations.

As a:

- Foundation – learning from our grant-making
- Team – setting standards, developing and improving
- Individuals – focused on support through training, interventions and coaching

The ethos of the Foundation's approach to grant-making is based on valuing the quality of interpersonal interactions between charities and the Foundation within a consistent high quality framework.

- We peer review every application we assess and share learning across the whole team.
- We have created cross functional teams to encourage a "One Foundation" approach to our work including managing the transfer of HBOS Foundation responsibilities and developing our Young Offenders Programme and monitoring and evaluation work.

- We have revitalised our Staff Forum, providing a programme of regular meetings for the whole staff to voice their opinions and provide ideas, with topics including 'Personal Stretch in a Flat Structure' and 'Encouraging Communications in the Foundation.'
- We have reviewed our 'Total Grant Care Training Programme' involving the grant team in evaluating the impact of training we have delivered in 2008/09, looking at the practice, process and quality of our training going forward and to identify any future training needs.
- We were delighted to have retained our Investors in People award in November 2009 supporting our commitment to the people who work for us and their continued commitment and enthusiasm for our work.

"The Foundation is to be congratulated on the way in which the principles embodied in the Standard are reflected in its culture and ways of working."

2010 and 2011

For 2010 and 2011 we have set the following aims:

Grant making

- To develop, deliver, monitor and evaluate a fully integrated set of grant making programmes that deliver incremental value to beneficiaries/ users utilising our national strength and reach and strong local presence

Supporting the funding environment

- To facilitate the 'voice' of smaller charities working in disadvantage and positively support the funding environment for them by an informed, 'ambassadorial', accessible, customer focussed team

Communication

- To ensure we develop a consistent and relevant data set for each charity and programme we work with so that we can actively communicate and promote our programmes and the benefits of our work to relevant stakeholders

Learning and development

- To ensure our organisation adapts, learns and shares best practice both internally and externally and effectively communicates this to our key stakeholders.
- To further develop our organisational skills in quality grant making and 'total grant care'

Adapting to the changing environment

- To review and develop our income streams given the changes to the economic and financial sectors
- To continue to build a positive and appropriate relationship with Lloyds Banking Group



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 is 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 56. Their appointments are made by the Board of Lloyds Banking 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 by 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

newspapers, and through personal contacts or discussions with Lloyds Banking Group. Interviews are held with all members of the Nomination Committee and the Chief Executive.

Trustees serve for a three-year period and may be re-appointed for a further 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. They have an induction session with the Chief Executive and senior team and also meet the grant making staff. 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 their review with the Chair. Details of Trustee training events run by external organisations such as NCVO (National Council for Voluntary Organisations) are made available 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 disadvantage people 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 lasting framework the TSB's traditional role of contributing to the life of the community.

In January 2009, following a period of turmoil in the capital markets, Lloyds TSB Group plc acquired HBOS plc resulting in the enlarged Lloyds Banking Group. Subsequent liquidity constraints in capital markets and the need to strengthen its balance sheet resulted in the Lloyds Banking Group embarking upon a number transactions to raise equity funding.

The four Foundations were endowed with 78,947,368 limited voting shares which at 31 December 2009 represent 0.1% of Lloyds Banking Group's share capital. In 2009, in lieu of dividend on the shareholding, the four Foundations received a covenanted income equal to 1% of the Group's adjusted pre-tax profits/losses, averaged over three years. The Foundation for England and Wales receives 72.12% of this income under Deed of Covenant and currently holds 58,360,283 limited voting shares.

Faced with an unprecedented period of economic difficulty and financial uncertainty, the Foundation reached an agreement with Lloyds Bank Group in February 2010

to provide a more stable and sustainable funding arrangement so as to ensure continued support to the disadvantaged communities we serve. Fixed funding of £25.2m for the years 2010-2013 was agreed. Annually, this exceeds the average payment received over the last three years. From 2014 to 2020, the agreement is to receive 0.3616% of the expanded Group's adjusted pretax profits/losses, averaged over three years. This agreement also includes a wish by Lloyds Banking Group to further extend this arrangement beyond 2020.

The Foundation has an extensive local, regional and national presence in terms of both Trustees and members of staff. This enables the Foundation to respond effectively to local social needs.

The Board

The Board of Trustees meets every two months. The Board meets to agree the Foundation's strategic direction and policies and to monitor implementation and overall progress against objectives. Appropriate levels of delegated authority are in place. The authority of the full Board is required for grants above £150,000. Separate Grant Panels (sub committees of the Board) of Trustees have delegated authority for grants between £25,001 and £150,000. The Board has delegated authority to senior management for all grants for £25,000 and below.

Board Committees

There are four 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 Banking Group audit function. The Committee's remit also covers the Foundation's approach to Risk Management and accounting policies.

The role of the Nomination Committee is to make recommendations to Lloyds Banking Group 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 the Lloyds Banking Group.

The role of the Remuneration Committee is to be aware of and advise on any proposals regarding 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. The committee 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.

The role of Grant Panels is to review grant applications against each programme's aims and objectives. Panels have delegated authority to approve grants and members consider Grant Managers' recommendations, taking into account grant outcomes, associated risk factors, geographical spread and budgetary considerations. At regular intervals during the year each panel reviews rejected applications to ensure that the team is applying a consistent and equitable approach to applicants. Each panel is also responsible for reviewing progress against programme evaluation objectives in order to maximise the impact of the Foundation's grant making.

The Board business group comprising the Chair and the Chairs of the non grant making subcommittees meets with the Chief Executive prior to Board meetings to discuss issues and papers to be brought forward.

Related Parties

The Foundation is related to Lloyds Banking Group plc and connected to the Lloyds TSB Foundations for Scotland, for Northern Ireland and for the Channel Islands. See Note 14 for details of transactions with these connected charities and related parties.

Each Foundation is directed by its own independent Board of Trustees. The Chairs of the four Foundations meet regularly during the year accompanied by the senior executives of the four Foundations, to ensure a degree of commonality between the work of the four Foundations. However 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 completed by the Board during the year. The review covered strategic, operational, financial, personnel, IT and reputation risks. The change in nature of the Foundation as a direct employer was discussed. Risks identified are prioritised in terms of potential impact and likelihood of occurrence, and the Trustees confirm that appropriate 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 recognise that there is a significant risk associated with the total income arising from a single source, namely the Lloyds Banking Group. The current economic environment directly impacts on the profitability of the Group. Although, the Deed of covenant reduces the short-term risk as it averages profitability over three years, it cannot completely mitigate against this risk in times of exceptional market place changes. Given this the Foundation has negotiated with the Group a change in financial arrangements so income can be guaranteed in the next four years and after that to an income related to profitability of Lloyds Banking Group.

To reduce risk, the Foundation also has a policy of grant recognition which recognises the total grant in the year it was made. This means that should the income be reduced in any one year, then the charitable expenditure can also be reduced. In the medium term, if profitability was significantly reduced over a number of years or there was a significant one-off loss of profitability, then consideration has been given to the possible approaches available and changes in reserves policy required.

The Trustees consider that the Foundation is not exposed to any significant financial risks specifically relating to the use of financial instruments as its financial assets are held as cash in bank (Lloyds Banking Group) and it has no debt. The Foundation is not exposed to credit risk as debtors are insignificant or 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

Currently the reserves stand at £34.7 million. The reserves have been enhanced this year with a net gain on share investment. These gains together with the balance of reserve brought forward from the previous year will provide a medium to long term endowment for the Foundation. With the economic uncertainties, these funds will be used to ensure stability and sustainability of the Foundation grant making and so provide a more sustainable funding strategy for the benefit of the disadvantaged communities we serve.

The Trustees have maintained the policy of retaining sufficient reserves at the year end to cover six months' non-grant expenditure for contingency purposes. In accordance with this policy, the Trustees have designated £2.5 million for the above purpose.

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 charity 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

Trustees have also referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aim and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

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 2006. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps to ensure 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.

Trustees remuneration

All Trustees give their time voluntarily and received no benefits from the charity. Any expenses reclaimed from the charity are set out in note 13 to the accounts.

Company secretary

The Chief Executive undertook responsibility for the duties of the Company Secretary in 2009.

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 16 April 2010 and signed on their behalf by:

Professor Ian Diamond
Chair of Trustees

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 2009 which comprise 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 Chapter 3 of Part 16 of the Companies Act 2006 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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept adequate accounting records, if the company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of Trustees' remuneration specified by law are not made.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees' Annual Report, and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

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 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 give a true and fair view of the state of the company's affairs as at 31 December 2009 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 United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

Kevin Williams (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 December 2009

	Note	Unrestricted £'000	Restricted £'000	Total 2009 £'000	Total 2008 £'000
Incoming resources					
Income resources from generated funds					
Covenanted income	14	20,912	-	20,912	26,817
Investment Income	14	215	-	215	1,640
Transfers in	2b	136	940	1,076	-
Other incoming resources					
Non-covenanted income	2a	331	-	331	29
Total incoming resource		21,594	940	22,534	28,486
Resources expended					
Charitable Activities	4a	23,042	728	23,770	26,188
Governance costs	4c	303	-	303	114
Total resources expended		23,345	728	24,073	26,302
Net (expenditure)/income for the year		(1,751)	212	(1,539)	2,184
Net gain on share investment	5	26,987	-	26,987	-
Net movement in funds		25,236	212	25,448	2,184
Reconciliation of funds					
Funds brought forward at 1 Jan		9,243	-	9,243	7,059
Funds carried forward at 31 Dec		34,479	212	34,691	9,243

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 47 to 55 form part of these accounts.

BALANCE SHEET

At 31 December 2009

	Note	Unrestricted £'000	Restricted £'000	Total 2009 £'000	Total 2008 £'000
Fixed Assets					
Tangible assets	6	35	-	35	42
Investments	7	-	-	-	-
		35	-	35	42
Current assets					
Debtors	8	185	-	185	93
Cash at bank and in hand		52,147	800	52,947	26,246
		52,332	800	53,132	26,339
Creditors: amounts falling due within one year	9	(16,774)	(524)	(17,298)	(12,926)
Net current assets		35,558	276	35,834	13,413
Total assets less current liabilities		35,593	276	35,869	13,455
Creditors: amount falling due after one year	10	(1,114)	(64)	(1,178)	(4,212)
Net assets		34,479	212	34,691	9,243
Total funds					
Unrestricted funds	11	34,479	-	34,479	9,243
Restricted funds	11	-	212	212	-
Total funds		34,479	212	34,691	9,243

The financial statements on pages 44 to 55 were approved by the Trustees on 16 April 2010 and signed on their behalf by:

Professor Ian Diamond

Chair of Trustees

Lloyds TSB Foundation for England and Wales. Registered Number 1971242.

The notes on pages 47 to 55 form part of these accounts.

CASH FLOW STATEMENT

Year ended 31 December 2009

	Unrestricted £'000	Restricted £'000	Total 2009 £'000	Total 2008 £'000
Net cash (outflow)/inflow from operating activities	(1,295)	800	(495)	8,503
Returns on investments and servicing of finance:				
Bank interest receivable	215	-	215	1,640
Net gain on share investment	26,987	-	26,987	-
Capital expenditure:				
Payments to acquire tangible fixed assets	(6)	-	(6)	(32)
Increase in cash	25,901	800	26,701	10,111

Reconciliation of net income to net cash Inflow from operating activities

	Unrestricted £'000	Restricted £'000	Total 2009 £'000	Total 2008 £'000
Net (expenditure)/Income for the year	(1,751)	212	(1,539)	2,184
Less: Bank interest receivable	(215)	-	(215)	(1,640)
Increase in debtors and prepayments	(92)	-	(92)	(13)
Depreciation charge	13	-	13	38
Loss on disposal of fixed assets	-	-	-	14
Increase in creditors	750	588	1,338	7,920
Net cash (outflow)/ inflow from operating activities	(1,295)	800	(495)	8,503

Analysis of changes in cash during the year

	2008 £'000	Change in year £'000	2009 £'000
Cash at bank and in hand	26,246	26,701	52,947

The notes on pages 47 to 55 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 2006.

Fund accounting

The majority of 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. There were also funds received from HBOS plc, some of which were restricted for the Matched Giving programme for HBOS plc heritage staff.

Income policy

All income is recognised in the SOFA when the company is legally entitled to the income, receipt is certain and the amount can be quantified with reasonable accuracy.

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 the 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 7).

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 between charitable programmes and governance, and between the charitable programmes on the basis of estimated time spent by staff. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice.

Pension costs

The Foundation participates in two separate independently managed, defined benefit, occupational pension schemes; the Lloyds TSB Group Pension schemes No.1 and No.2. Each is valued by professionally qualified and independent actuaries on an annual basis. It is not possible to identify the Foundation's share of the underlying assets and liabilities of these schemes and hence contributions to the schemes are accounted for as if they were defined contribution schemes; the cost recognised within the surplus/deficit for the year in the income and expenditure account being equal to the contributions payable to the schemes for the year as permitted by Financial Reporting Standard 17 Retirement Benefits.

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 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. Income

2 a) Other incoming resources

	Unrestricted £'000	Restricted £'000	Total 2009 £'000	Total 2008 £'000
Non-covenanted income from				
Company Secretarial fees from Lloyds TSB Foundation for Channel Islands	10	-	10	4
Lloyds TSB Registrars	-	-	-	7
Cross charge to LTSB Group plc, Foundation for Northern Ireland & Foundation for Channel Islands	116	-	116	-
Reversal of previously accrued rent	182	-	182	-
Donated Services – Audit	23	-	23	18
	331	-	331	29

2 b) Transfers In

	Unrestricted £'000	Restricted £'000	Total 2009 £'000	Total 2008 £'000
Grant Award	-	548	548	-
Funding for Matched Giving	-	392	392	-
Residual monies	136	-	136	-
	136	940	1,076	-

Following the acquisition of HBOS plc by Lloyds TSB Group plc in January 2009 the enlarged Lloyds Banking Group decided that the HBOS Foundation should be wound up. During this winding up process it was agreed that the Foundation would support some of the charitable activities of the HBOS Foundation and as a result the Foundation received a transfer of £1,076,000 from the HBOS Foundation. Of this amount £212,000 remains unspent at 31 December 2009.

3. Grants payable

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

	Unrestricted £'000	Restricted £'000	Total 2009 £'000	Total 2008 £'000
Reconciliation of grants payable				
Amounts outstanding at 1 Jan	16,673	-	16,673	8,904
Grants approved	20,635	548	21,183	23,659
Grants cancelled or recovered	(687)	-	(687)	(826)
Grants payable for the year	19,948	548	20,496	22,833
Grants paid during the year	(19,026)	-	(19,026)	(15,064)
Amounts outstanding at 31 Dec	17,595	548	18,143	16,673

(Note 9,10)

4. Analysis of expenditure

4 a) Charitable activities

	Grants £'000	Grant making Support costs £'000	Total 2009 £'000	Total 2008 £'000
<i>Unrestricted</i>				
Community programmes	18,951	2,057	21,008	20,210
Matched Giving	838	91	929	1,037
Ex-prisoner	997	108	1,105	4,941
	20,786	2,256	23,042	26,188
<i>Restricted</i>				
Grants	548	-	548	-
Matched Giving	180	-	180	-
	728	-	728	-
	21,514	2,256	23,770	26,188

Support costs have been allocated on the basis of time spent by staff on each of the programmes.

4 b) Grant making support costs

	2009	2008
	£'000	£'000
Staff costs in support of grant making	1,826	1,802
Other costs	430	610
	2,256	2,412

4 c) Governance costs

	2009	2008
	£'000	£'000
Legal fees	138	50
Professional Costs	52	-
Auditors' remuneration	23	18
Staff costs	37	22
Trustee costs *	53	24
	303	114

* Note this includes all expenses including appointment fees incurred by Trustees.

The Auditors are appointed on a 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.

4 d) Staff costs

The average number of persons employed by the Foundation during the year was 29 (2008: 25)

	2009	2008
	£'000	£'000
Wages and Salaries	1,106	1,006
National Insurance contributions	95	89
Pension contributions *	325	248
Other staff costs	337	481
	1,863	1,824

* including additional pension top-up costs

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

	2009	2008
£70,001 - £80,000	-	1
£80,001 - £90,000	-	-
£90,000 - £100,000	-	-
£100,001 - £110,000	-	-
£110,001 - £120,000	1	1

Pension costs

	2009	2008
	£'000	£'000
Defined benefit scheme	254	182
Defined contribution scheme	71	66
	<hr/> 325	<hr/> 248

Lloyds TSB defined benefit schemes

The contribution made to the schemes was £254,000 (2008: £182,000). The contribution rate in 2008 and the additional payments made were as follows:

	Scheme 1	Scheme 2
Contribution Rate	29.4%	28.2%
Contribution towards past service liabilities (annually for 10 years from 1 January 2006)	£4,631	£36,579

For both the No 1 and No 2 Schemes the independent actuary has carried out a full triennial valuation as at 30 June 2008. The valuations disclose a combined deficit of £3.7bn and as a result the Scheme Trustees have agreed with Lloyds Banking Group a recovery plan to address the deficit. Details of the valuations have been communicated to Scheme members. Further details of the valuations can be found in the Report and Accounts of Lloyds Banking Group plc as at 31 December 2009.

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 £71,000 (2008: £66,000). 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. Net gain on share investments

The Foundation has an investment in the limited voting shares of the Lloyds Banking Group plc. During the year the Lloyds Banking Group plc entered into various capital related transactions in order to address certain funding issues associated with the liquidity crisis in the worldwide financial markets. As a result of the arrangements between Lloyds Banking Group plc and the Foundation, the Foundation acquired 84,850,000 ordinary shares which were sold at a profit of £13,520,000 (Note 7), and disposed of its rights to acquire 78,200,000 shares for £13,467,000 resulting in an aggregated profit of £26,987,000.

6. Tangible assets

	Furniture and office equipment £'000	Computer equipment £'000	Total £'000
Cost			
At 1 January 2009	41	95	136
Additions	-	6	6
Disposals	-	(29)	(29)
At 31 December 2009	41	72	113
Depreciation			
At 1 January 2009	16	78	94
Charge for the year	3	10	13
Disposals	-	(29)	(29)
At 31 December 2009	19	59	78
Net book value			
At 1 January 2009	25	17	42
At 31 December 2009	22	13	35

7. Investments

At 31 December 2009 the Foundation holds 58,360,263 limited voting ordinary shares of 25p each of Lloyds Banking Group plc, representing 72.12% of such shares in issue. The Foundation's limited voting ordinary shares represent 0.1% of the issued ordinary share capital of Lloyds Banking Group plc at 31 December 2009. The Foundation cannot sell these shares in the open market. The shares have no rights to dividend, have voting rights only in limited circumstances, and shall be converted into ordinary shares of Lloyds Banking 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 Banking 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 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.

* Lloyds TSB Foundation for England & Wales
Lloyds TSB Foundation for the Channel Islands
Lloyds TSB Foundation for Northern Ireland
Lloyds TSB Foundation for Scotland

- 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.

	2009	2008
	£'000	£'000
Ordinary Share acquired during the year	(31,910)	-
Disposal of proceeds	45,430	-
Profit on disposal	13,520	-
As at 31 Dec 2009	-	-

As detailed in Note 5 the Foundation acquired 84,850,000 ordinary shares in the Lloyds Banking Group plc during the year. The shares acquired were subsequently disposed generating a profit of £13,520,000

8. Debtors

	2009	2008
	£'000	£'000
Prepayments	62	28
Debtors	89	-
Other debtors	27	34
Accrued interest	7	31
	185	93

9. Creditors: amounts falling due within one year

	2009	2008
	£'000	£'000
Grants payable (Note 3)	16,965	12,461
Other creditors	333	465
	17,298	12,926

10. Creditors: amounts falling due after on year

	2009	2008
	£'000	£'000
Grants payable (Note 3)	1,178	4,212

11. Movement in funds

	Balance at 1 Jan 2009	Movement in funds			Balance at 31 Dec 2009
		Incoming	Outgoing	Gain	
Unrestricted funds	9,243	21,594	(23,345)	26,987	34,479
Restricted funds	-	940	(728)	-	212
Total Funds	9,243	22,534	(24,073)	26,987	34,691

In accordance with the Trustee reserve policy as described on page 40. The Trustees have maintained the policy of retaining sufficient reserves at the year end to cover six months' non-grant expenditure for contingency purposes has been maintained. In accordance with this policy, of unrestricted funds, the Trustees have designated £2.5 million for the above.

12. 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 2009 was 10 (2008: twelve).

13. Trustees' remuneration and reimbursed expenses

The Trustees, who are also the directors of the Foundation, received no remuneration during the year. The Trustees received reimbursed expenses relating to travel and subsistence totalling £16,996 (2008: £17,795).

14. Related party transactions

14 a) 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
Pentagon House
52 – 54 Southwark Street
London SE1 1UN

The Foundation received £9,000 (2008: £4,000) from the Lloyds TSB Foundation for the Channel Islands in respect of time spent by the Chief Executive and her staff on Channel Islands Foundation business.

The Foundation received £1,000 each from the Lloyds TSB Foundation for the Channel Islands and Lloyds TSB Foundation for Northern Ireland in respect of Financial and Legal advice about the Foundations' business.

14 b) 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 per cent 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 £20,912,000 (2008: £26,817,000) under deed of covenant, and £215,000 (2008: £1,640,000) bank interest was received due to the Foundation using Lloyds TSB Bank plc as its bankers.

At 31 December 2008 a balance of £52,947,000 was held at Lloyds TSB Bank plc (2008: £26,246,000).

15. Office lease commitment

Lloyds TSB Foundation had an annual commitment under non-cancellable operating lease (building only) at 31 December 2009 which expires as follows:

	2009	2008
	£'000	£'000
Between one and five years	88	88

List of Trustees

The following Trustees served between 1 January 2009 and 31 March 2010:

Name	Role and dates if applicable
Professor Sir Robert Boyd	Chair (until 1 July 2009)
Professor Ian Diamond	Chair (from 1 July 2009)
Sarah Cooke OBE	Deputy Chair (until 1 July 2009)
Janet Bibby	
Professor Clair Chilvers	
Irene Evison	until 8 October 2009
Mike Fairey	
John Hughes	
Alan Leaman OBE	
Anne Parker CBE	
Rosemary Stevenson	
Pavita Cooper	from 1 April 2009
Rob Devey	from 1 July 2009

Audit Committee

John Hughes	Chair
Janet Bibby	
Rosemary Stevenson	
Pavita Cooper	from 8 October 2009

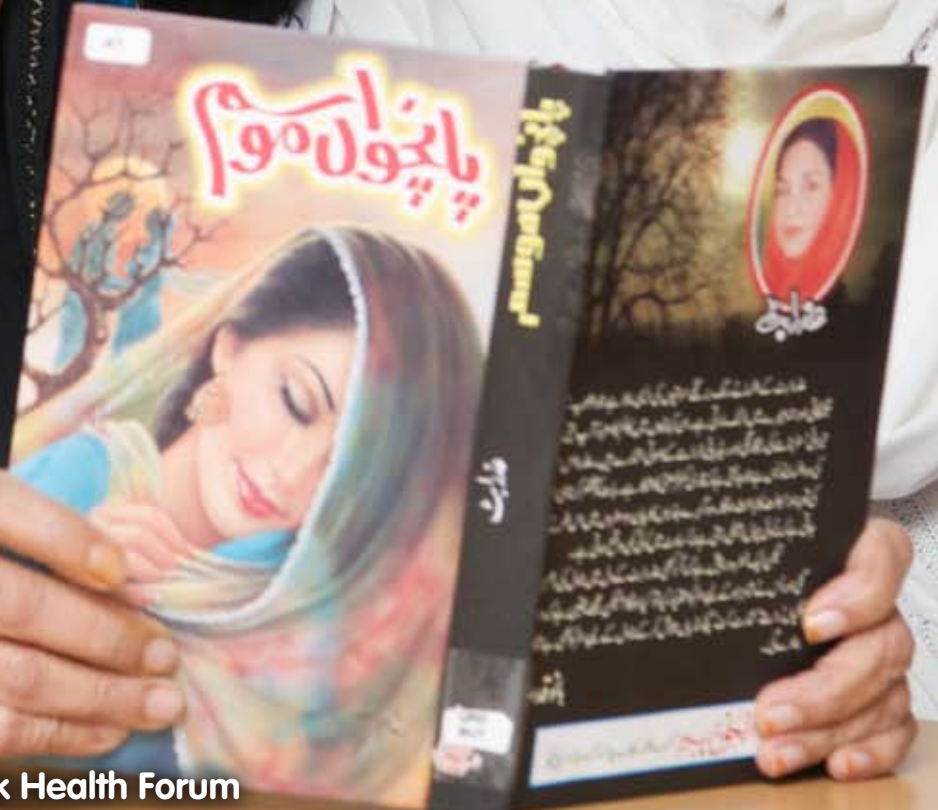
Nomination Committee

Professor Sir Robert Boyd	Chair (until 1 July 2009)
Professor Ian Diamond	Chair (from 1 July 2009)
Professor Clair Chilvers	
Sarah Cooke	until 1 July 2009
Irene Evison	until 8 October 2009
Anne Parker	

Remuneration Committee

Professor Clair Chilvers	Chair
Sarah Cooke	until 1 July 2009
Alan Leaman	





Trustees' biographies

Professor Sir Robert Boyd Foundation Chair and Trustee from November 2003 until July 2009, Sir Robert is a former principal of St George's Medical School and Pro Vice Chancellor for Medicine at the University of London. He is currently chair of the Council for Assisting Refugee Academics and a Governor of Manchester University.

Professor Ian Diamond Foundation Chair and Trustee since July 2009, Professor Ian Diamond is Chief Executive of the Economic and Social Research Council and brings a wealth of experience in the educational, funding and voluntary sectors.

Sarah Cooke OBE Foundation Deputy Chair and Trustee from January 2006 to July 2009. Sarah is a qualified solicitor and now works as an independent consultant working on a wide variety of human rights matters.

Janet Bibby Trustee since January 2008, Janet is currently Chief Executive of the Coalfields Regeneration Trust.

Professor Clair Chilvers DSc DL Trustee since January 2005, Professor Chilvers is Chair of Nottinghamshire Healthcare NHS Trust and is a Deputy Lieutenant of Nottinghamshire.

Pavita Cooper Trustee since April 2009, Pavita joined Lloyds TSB in January 2008. In January 2009 she was appointed HR Director Organisation Effectiveness for Lloyds Banking Group.

Rob Devey Trustee since July 2009, Rob is currently CEO UK and Europe, Prudential PLC.

Irene Evison Trustee from April 2004 until October 2009, Irene jointly runs a Wales-based business specialising in community development and sustainable rural development.

Mike Fairey Trustee since July 2008, Mike is a former Lloyds TSB Group board member, and held the position of Deputy Group Chief Executive until his retirement in June 2008.

John Hughes Trustee since January 2005, John is the former Director of Finance for London Transport and London Underground.

Alan Leaman OBE Trustee since January 2008, Alan is currently Chief Executive of the Management Consultancies Association.

Anne Parker CBE Trustee 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.

Rosemary Stevenson Trustee since July 2008, Rosemary is an independent consultant who has extensive international development experience.

Foundation Staff

Linda Kelly	Chief Executive
Chris Anderson	Head of Policy and Knowledge Management
Angela Barnard	PA to Chief Executive
Gary Beharrell	Grant manager
Birgitta Clift	Head of Grant making (South)
Sara Bomer	Grant manager
Tina Claeys	Grant Administration Manager
Claire Crump	Grant manager
Peter Cunnison	Grant manager
Lorraine Dabner	Grant manager
Nicola Dalby	Grant manager
Anne Dawson	Head of Grant making (North)
Nicola Elliot	Grant Administration Assistant
Peter Ellis	Grant manager
Fiona Fordyce	Financial Controller
Pat Greenwood	Grant manager
Louise Harley	Head of Communications
David Harrison	IT manager
Helen Hawney	Programme Administrator
Fouzia Iqbal	Grant Administration Assistant
Angela Johnson	Grant Administration Assistant
Chrissy Kopaz	Programme Administrator
Michele Lester	Grant manager
Mike Lewis	Grant manager
Cathy Maund	Grant manager
Trevor Smale	Grant manager
Jude Stevens	Grant manager
Yvonne Taylor	Grant manager
Cerys Thomas	Grant manager
David White	Grant manager



Registered Charity
Number 327114

Company Limited by Guarantee
Registered Number 1971242

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Nabarro LLP, Lacon House, 84 Theobald's Road, London WC1X 8RW

Financial Advice
KPMG LLP, Canary Wharf, 1 Canada Square, London E14 5AG

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