

Lankelly Chase

The LankellyChase Foundation

**Annual report and financial statements
for the year ended 31 March 2016**

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

The LankellyChase Foundation

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Legal and administrative information

The LankellyChase Foundation ('the Foundation') is a company limited by Guarantee and not having a share capital (no. 5309739). It is governed by its Memorandum and Articles of Association and registered as a charity (no. 1107583). The Directors of the Charitable Company are the trustees of the charity for the purposes of charity law and throughout this report are referred to as the trustees.

The following details are for the year ended 31 March 2016 and also include changes up to the date on which the accounts were signed.

Trustees	Dame Suzi Leather (I)	Chair
	Andrew Robinson (A, I)	Vice Chair, retired 25 July 2015
	Evelyn Asante-Mensah	Appointed 26 June 2015
	Oliver Batchelor	Appointed 27 October 2015
	Hilary Berg	
	Morag Burnett (A, R)	Vice Chair, appointed 19 August 2015
	Paul Cheng (I)	
	Martin Clarke (I, R)	
	Robert Duffy (R)	
	Jake Hayman (I)	
	Marion Janner (A)	
	Peter Latchford (R)	
	Jane Millar	
	Darren Murinas	Appointed 26 June 2015
Simon Tucker (I)		
Robin Tuddenham	Appointed 26 June 2015	
Co-optees	Andrea Marmolejo (I)	Appointed 10 November 2015
	Jeremy Rogers (I)	Appointed 10 November 2015

(A) indicates members of the Administration Committee

(I) indicates members of the Investment Committee

(R) indicates members of the Audit and Risk Committee

Trustees attended the Grants Committee by rotation with a minimum of four trustees at each meeting. There is no maximum number and any individual Trustee has the right to attend any Grant Committee meeting.

Changes to trustee committees were introduced in March 2016 with the first meetings of the new committees held in 2016/17. The changes are set out in page 18 of this report: under the heading: A governance structure to reflect our ambitions.

Staff team	Julian Corner *	Chief Executive
	Chantal Benjamin	Communications Manager, to 27 August 2015
	Jessica Cordingly *	Director of Social Innovation
	Karen Crompton	Office Manager
	Alice Evans *	Director, Systems Change
	Oliver French	Programme Manager
	Carrina Gaffney	Communications Manager, from 9 May 2016
	Ania Jeleniewska-Kaczmarczyk	Finance Officer
	Sara Longmuir *	Director of Finance and Investment and Company Secretary
	Duncan Maclean	Programme Manager
	Habiba Nabatu	Programme Manager
	Ovidiu Pascaru	Office Assistant, to 16 September 2015
	Cathy Stancer *	Director, Equalities and Rights

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Key management personnel Although in such a small staff team every member is considered to be key, for the purposes of the Statement of Recommended Practice (SORP 2015), those team members marked * have been designated as key management personnel.

Principal office and registered office	Greenworks, Dog and Duck Yard Princeton Street London WC1R 4BH
Telephone	020 3747 9930
Website	www.lankellychase.org.uk
Company registration number	5309739
Charity registration number	1107583
Auditors	Sayer Vincent LLP Invicta House 108-114 Golden Lane London EC1Y 0TL
Bankers	The Royal Bank of Scotland PLC St Giles Oxford OX1 3ND Lloyds TSB Bank plc Market Place Didcot Oxfordshire OX11 7LQ
Legal advisers	Bates Wells Braithwaite 10 Queen Street Place London EC4R 1BE
Investment managers	Cazenove Capital Management 12 Moorgate London EC2R 6DA CCLA Investment Management Senator House, 85 Queen Victoria Street London EC4V 4ET Ruffer LLP 80 Victoria Street London SW1E 5JL Sarasin and Partners LLP Juxon House, 100 St Paul's Churchyard London EC4M 8BU

Report of the trustees

The trustees present their report together with the accounts of The LankellyChase Foundation for the year ended 31 March 2016. The legal and administrative information on pages 2 and 3 forms part of this report.

Introduction

This report is divided into two halves. The first section looks at what we said we would do, what we delivered, what we learnt and what we will do next year. Where this year has reinforced learning shared in the previous year's report, we have only highlighted further learning. The second section (page 21 of this report) covers how we are governed, grants allocated and our financial expenditure and management.

Our work in the year ended 31 March 2016

Our strategy for LankellyChase was based around four key areas: People (the who?), Support (the what?), Systems (the how?), Attitudes (the why?).

Below are the four strategic objectives that guided our work in 2015/16; these were the same as the previous year.

People: to create a profile of people facing severe and multiple disadvantage (SMD) that connects compelling personal testimony and evidence with authoritative quantitative data.

Support: to promote a plurality of approaches to supporting people facing severe and multiple disadvantage, while identifying and evidencing the core elements of effective support, and seeking to instil these in wider practice.

Systems: to change systems so that they become responsive to the reality of people's lives and open to a plurality of approaches from informal community support through to intensive professional intervention.

Attitudes: to create a shift in public and political attitudes so that the positive attributes of those facing severe and multiple disadvantage are widely appreciated and intolerant responses are viewed as ignorant and discriminatory.

During the course of 2015/16, we refreshed our strategic framework setting objectives to guide our work from 2016 to 2019. This refresh emerged out of a deepening understanding of severe and multiple disadvantage, the environment within which all players operate and the contribution we believe we are best placed to offer. We made two key changes: that our focus on attitudes should be threaded through the other three objectives rather than standing alone, and that there should be an explicit focus on how we as an organisation model the change that we believe is needed more widely.

The following are therefore the four strategic objectives that will govern future work, and we have structured the following report to reflect this:

People: to shape the prevailing view of disadvantage by revealing its interlocking nature, enabling people to describe themselves in their own terms and creating a litmus test for the reach and effectiveness of public systems.

Support: to promote continual improvement and innovation in the support networks available to people facing severe disadvantage.

Systems: to promote the systems conditions that help people who face severe and multiple disadvantage to be part of support networks.

Lankelly Chase: to be an organisation that lives by its values.

PEOPLE

We said we would commission profiles of different groups: adults with multiple needs, women, BAME groups and young people.

What we did:

- Commissioned a joint team from DMSS Research (who produced the literature review 'Women and Girls at Risk: Evidence Across the Life Course') and Heriot-Watt University (the team behind 'Hard Edges') to advise on how to build a statistical profile of women and girls facing severe and multiple disadvantage. This work began with a conceptual exercise to scope a definition of severe and multiple disadvantage in the lives of women and girls which suggested five different potential approaches. The report was completed in January 2016.
- Put out a £1.25m, 5-year tender to establish an independent, credible and authoritative 'knowledge hub' to collate, synthesise, interpret and communicate data on ethnic inequality in mental health and other interrelated areas over time. This will be an exercise in the use of knowledge as a tool for change. It will not restate broad problems of disproportionality because these are already well documented. The value will lie in more granularity and in explanation; how and why certain people end up in certain situations.
- Worked with the LGBT Foundation in Manchester to support a research project to explore LGBT experiences of severe and multiple disadvantage.

What we learnt:

- Severe and multiple disadvantage is experienced differently by different groups of people. For example, the DMSS Research/Heriot-Watt conceptual report on women and girls notes; "some types of disadvantage are highly gendered. For example, men substantially outnumber women in the criminal justice system. Some forms of disadvantage are more significant for people at different life stages. Different clusters of disadvantage are likely to be relevant for different populations, including for men and women, but also for younger and older people".
- There is a need to exercise caution in specifying a group of people defined only by their problems. There is a tension between the need for better data to highlight social problems and a tendency to use that data to create new client groups and labels.
- Being a woman, BAME and/or LGBT are not 'disadvantages', however structural inequality does mean some groups of people are disproportionately exposed to conditions (poverty for example and/or experiences of violence and abuse) that put them at increased risk of severe disadvantage.
- Discrimination within systems means certain groups of people are disproportionately targeted for damaging, coercive or punitive interventions (the overrepresentation of Black and Muslim men at all stages of the criminal justice system, from stop and search onwards, is one of the starkest examples) or disproportionately excluded from helpful ones (the lower rates of referral of BAME people with mental health problems for talking therapies for example).
- Women with lived experience of severe and multiple disadvantage consulted for the DMSS/Heriot-Watt conceptual report consistently flagged experiences of violence and abuse as critical issues in their lives. The women and girls at risk alliance, Agenda (see under 'Systems') published a report, 'Hidden Hurt', which found that one in every twenty women in England (1.2 million in total) has experienced extensive physical and

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sexual violence and abuse across their life course, compared to one in every hundred men. Women who suffer such experiences are around twice as likely to have post-traumatic stress disorder (PTSD) symptoms than soldiers returning from combat in Iraq and Afghanistan.

- Trying to build an understanding of the nature and extent of the relationship between ethnicity and severe and multiple disadvantage is highly complex. There are dangers in assuming all BAME people have certain things in common when the term actually encompasses a vast range of experiences. There are risks of misattribution (for example is class rather than race as much of an issue here?) and particularly of falling back on stereotypes when explaining rather than just describing. Teasing some of the threads apart will take time and detailed investigation. The 'knowledge hub' project should help with this.

What we will do:

- We will develop Hard Edges into a series of statistical profiles looking at different groupings of mutually reinforcing disadvantages. The next (building on the concepts and feasibility paper mentioned above) will look at the intersection of abuse and violence, mental ill health, substance misuse and homelessness/insecure housing. This builds on the substantial evidence that abuse and violence are both critically significant in the lives of women on the margins and that mental distress and self-medication with drugs and alcohol are often associated.
- Establish the knowledge hub as a high profile and successful project.
- Commission a Hard Edges report looking at severe and multiple disadvantage in Scotland.
- Work on developing a different frame for profiling people that can help us make sense of complexity, intersectionality, structural issues and the things that matter to people. This would be designed to overcome the risk of helping to create additional problem-based cohorts.

We said we would commission evidence reviews on the systemic, structural and life course factors that cause severe and multiple disadvantage and we would commission qualitative data analysis on the experience, life views and aspirations of people facing SMD, and on what journeys into and out of severe and multiple disadvantage look and feel like.

What we did:

- Supported the Social Research Unit to conclude an inquiry into young people and severe and multiple disadvantage, promoting it through a range of communication activities, including: a major report, a historical review of the main public systems supporting young people facing disadvantage, a website with findings, insights and resources, including a short film, two conferences to share the insights with key practitioners working in this area, and a communications strategy to get the findings to young people themselves.
- Supported the Social Research Unit throughout 2015/16 to review and analyse the research literature on the role of relationships in supporting young people facing severe and multiple disadvantage.

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- Supported the Institute of Education at University College London to undertake a year-long participatory research project with children facing severe and multiple disadvantage.
- Worked with Innovation Unit and User Voice to complete ethnographic research to enable people with lived experience to tell their stories in their own way.
- Worked with Revolving Doors Agency to hold a series of research network meetings looking at topics such as peer research.
- Through our support of Revolving Doors Agency published a literature review ([click here for link](#)) looking at the common concepts for recovery and desistance across the fields of mental health, substance misuse and criminology.
- Supported the National Children Bureau to carry out research into children 'missing' from education and to understand the reasons behind this.

What we learnt:

- Young people facing severe disadvantage have experienced extraordinary harms and inequalities in their childhoods, but this is not a sufficient explanation of their current difficulties. They are not passive and their agency matters. Where disadvantages are severe and multiple, young people feel shame and with shame comes disconnection – a backing away from family, friends, neighbours and services that might help.
- Young people facing severe disadvantage struggle to navigate systems such as education, mental health, social care and youth justice. A proportion drop out of view without receiving any assessment. Many fall between the cracks of the multiple referral pathways. Others bounce between systems for many years before support evaporates at the boundary of adulthood.
- The majority of young people with high-end needs do not get high-end services, and the majority of young people getting high-end services do not have high-end needs.
- There are many commonalities in how people describe their recovery or desistance journeys across the fields of mental health, substance misuse and criminology. These are processes which take considerable time and effort, are non-linear and involve setbacks, are dependent on things like support networks, self-confidence and location, involve steps that are meaningful to the person concerned and happen largely *outside* formal treatment settings and support services.
- Positive, consistent and trusted relationships form the crux of what enables young people and others to turn their lives around. These relationships between the worker and young person need to be based strongly on having the right skills, empathy and knowledge, for example trauma-informed approaches.
- There is no single moment of change. The process of turning your life around once you have become ensnared in disadvantage requires a considerable act of will and courage.
- The process of telling your story can be therapeutic.
- There is a demand for an interdisciplinary and cross-sectorial research network. The network attracts academics, researchers based within agencies and those who have a responsibility for research within a wider portfolio of work.

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What we will do:

A number of the activities described above will report in 16/17. Additionally we will:

- Build a growing network of researchers working across disciplinary boundaries with Revolving Doors Agency.
- Support smaller scale research which illuminates genuinely unknown issues or experiences (based on learning from the experience of practitioners we are funding).
- Continue to supplement quantitative profiles with qualitative research methodologies, such as ethnography, which offer a greater degree of control and ownership to those who are being researched.
- Support the Wave Trust to produce an evidence review of the transitions and trigger points that most affect the life course of young people at risk of severe and multiple disadvantage.

SUPPORT

We said we would test the importance of key elements of effective practice (such as relationship-based support, the role of social and familial capital, the importance of personal choice and control).

What we did:

- Continued to support a range of practice projects such as Unlimited Potential to develop Salford Dadz as a means of improving child welfare through the wellbeing of their fathers, Open Book to look at the value of peer connection and education as a route to recovery and Camerados to test the value of friendship and purpose as the drivers of wider change in a person's life.
- Worked with people whose application for a grant from Lankelly Chase was unsuccessful by connecting them to our networks.
- Adapted our grant making process to be less transactional and more relational, removing some of the system barriers facing those with lived experience who are seeking funding. This included providing smaller, more flexible amounts of development funding, co-producing proposals and altering our due diligence processes to become more nuanced and less paper-based.
- Developed our support structures for current grantees and partners to be sensitive to past trauma and relevant to their current development needs, drawing on trauma-informed practice and starting to build a network of skilled and sensitive associates to support partners.
- Piloted several different models of supporting social innovations, such as bringing in external consultants to provide intensive developmental support, and funding at earlier stages and more flexibly. We also trialled incubation, a learning exchange and advice workshops.
- Started to test models for spreading the key elements of good practice, such as supporting Hope into Action to develop their social franchise, and Mayday Trust to share the learning from the asset-based Mayday Inspire model.

What we learnt:

Several key lessons about the kind of support people want and need:

- People who face multiple disadvantages are at particular risk of being shut out of the networks of support on which most of us rely. This brings yet more disadvantage to their lives.
- Where support is needed urgently or deeply, it is crucial that it is characterised by:
 - A relationship of trust and even empathy.
 - Reciprocity. It makes you vulnerable to ask for help, and equally it makes you vulnerable to offer it.
 - Mutual accountability. This can require straight talking, honesty and the expectation of mutual respect.
 - A person's underlying needs and priorities being explored in a safe environment.
 - Deep humility. One person cannot presume to know another, nor to understand what brought them to where they are now.
 - A presumption that people are resourceful, creative and capable.
- Support needs to be trauma-informed (*Hard Edges* gives us some sense of the prevalence of likely traumatic experiences with 24% of the cohort having been abused in childhood, 29% having had parents who were violent, 55% having experienced domestic violence in adulthood and 48% having been perpetrators) and gender-informed. For example, supporting people to address their experiences of violence appears to be as important in recovery terms for perpetrators as for victims. Practitioners on the 'men and masculinities' programme we are supporting, run by Domestic Violence Intervention Project and Cranstoun, describe how working with men to address their violence develops 'recovery muscles' which are helpful in their struggle with substance misuse.

Several further lessons about how we need to work with those offering support:

- Our experience tells us that there aren't missing solutions that can simply be replicated. Instead we need to focus on testing *how* powerful ideas can be sparked and fully supported in complex systems and *how* the many actors in this field can be brought together to agree and create whole system solutions.
- Lankelly Chase's traditional model of seeking new ideas through nationally published application guidelines is not an effective way for us to reach the innovators we hope to find.
- A more flexible, relational approach to funding social innovation using development funding and allowing iteration and adaptation, builds both trust but also more resilient organisations with stronger growth plans.
- There are very few substantial examples of where innovative best practice has led to transformed systems. Innovations become captured by larger systems and risk having their core values compromised. However, we are seeing evidence of innovations influencing systems change at a local level, giving cause for optimism.
- For new ideas and innovations to flourish, innovators require the right funding, networks and confidence to overcome systemic barriers, inertia and perceptions of risk. The common lack of these factors makes it particularly difficult for people who are facing or have faced severe and multiple disadvantage to build answers to the problems they see.

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- Change requires a fundamental rebalancing of power into the hands of those currently experiencing disadvantage. In many cases, people with lived experience of severe social disadvantage are the key innovators in creating new, effective support. Innovation can therefore be a method for shifting power.
- Inequalities apply across sectors too and we are concerned about the challenges small specialist BAME and women's organisations are facing. We are also aware of the under-representation of BAME-led organisations in the Promoting Change Network. There is an issue for us about the health of the pipeline of ideas and intelligence from the most marginalised communities and the capacity and capability of leaders in those communities to engage with us and with the most promising ideas and methodologies.

What we will do:

- Develop and deploy learning methodologies that can capture the value of this practice and support on its own terms.
- Implement more learning journeys and learning exchanges for individuals with nascent ideas supporting them to develop these.
- Continue to review and revise our processes for seeking and supporting social innovators, formalising relationships and collaborations with associates and other funders who can also support these innovators.
- Get involved in work that supports specific sectors, such as the BAME community sector, and build bridges across to our own objectives. For example, continue to work with the Big Lottery to establish the funder alliance on ethnicity and social justice.
- Continue to alter our internal processes to improve how we seek and support ideas developed by people with lived experience and those from other underrepresented communities.
- Work to capture our experience of seeking, supporting and spreading ideas from people with lived experience of disadvantage to inform other funders' methodologies.

We said we would build a network of pioneering practice whose aim is to promote more powerful ways of preventing and addressing SMD.

What we did:

- Supported a multiple needs summit in collaboration with Calouste Gulbenkian Foundation, Big Lottery and Making Every Adult Matter in April 2015.
- Built on the Promoting Change Network by holding an *Equality of Exchange* co-designed with people with lived experience, commissioners and voluntary agencies in November 2015. Over one hundred and fifty people attended, and it was heavily shaped by the three groups present. The event was facilitated by Snook and was designed to take people on a journey from collectively understanding the issue to agreeing shared action.

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What we learnt:

- The Promoting Change Network continues to provide a valuable reflective and supportive space for agencies across sectors to come together, learn, challenge and mutually support each other.
- The narratives that different people hold about themselves and each other are very hard to overcome, for example, the embattled commissioner, the expert voluntary sector advocate and the unheard person with lived experience. We have to spend more time building the understanding and relationships across the different players before we can truly move to collaboration between them.
- We need to invest time and resources to support people with lived experience to engage in these conversations, so they are not just present but are actually able to use their experience and knowledge to apply it to wider change.
- It was and remains difficult to manage the tension between the drive to action and holding the space for reflection.
- We need to support the network to grow between residential and aren't dedicating enough time to this.
- Beyond the Promoting Change Network we need to help create, build and join other networks and coalitions of the willing.

What we will do:

- Develop a 3 year strategy for the Promoting Change Network, which will identify how we can support the network between residential, as well as the purpose of future residential.
- Continue to host events and support others to form collaborations.
- In order to keep building up a picture of what effective support looks like, we'll support frontline workers to share their own practice, learn from one another and explore how to make their work even more effective.
- Set up a network of people and organisations that can support our partners with areas such as business planning, communications, research and evaluation, and systems thinking.

We said we would develop and deploy methodologies that can capture the value of this practice on its own terms.

What we did:

- Worked with the Social Research Unit to analyse our funded evaluations of partner projects, reviewing how a more iterative 'beyond outcome' evaluation framework might be developed.

What we learnt:

- Evaluation, its purpose and how it is carried out, still remains one of our trickiest challenges. Evaluations carried out by grantees remain isolated pieces of learning and the methodologies rarely capture the true implications of the work, focusing more on short term outcomes and cost-benefit analysis.

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- Changing this paradigm is even harder than previously realised, due to a lack of a shared vision across the sector on evaluation, a focus on cost saving rather than broader change and lack of capacity at all levels.

What we will do:

- Work with our partners to create a brief for a learning framework for Lankelly Chase and all of our funded work that reflects and tests our new theory of change.
- Implement the learning framework with contracted partners.

SYSTEMS

We said we would develop a vision of a continually transforming system.

What we did:

- Funded IPPR (the Institute of Public Policy Research) to develop an economic case for investing in severe and multiple disadvantage.
- Supported Synthesis to publish a paper on the application of complexity theory to severe and multiple disadvantage.
- We had planned to develop and commission ethnographic research to capture the experiences of professionals working within systems, but we have pushed this back to 2016/17.

What we learnt:

- Lankelly Chase's work to date with a network of frontline organisations, people with lived experience of severe disadvantage and systems leaders suggests there are five conditions that need to be present if change is to be sufficiently systemic:
 1. Mutual accountability between those offering and receiving support
 2. Open trusting relationships at every level
 3. Building strengths and resources
 4. Continual learning and adaptation
 5. Presumption of a right to a rewarding life.
- There is strong appetite for a bold vision of a positive alternative to the current system. However, the stress of managing complexity in a tightening financial environment means that there is also a pull towards certainty and safety.
- There is no one solution, no fixed end-point at which we can arrive, no one sector holds all the answers, and the solution that worked today might not work tomorrow. The collective task is therefore to support systems to develop behaviours and characteristics that permit them continually to evolve, learn, collaborate and change.
- Some organisations can be catalysts for system change, while others provide micro examples in their practice of what a transformed system might look like. We have found that those who are leading the way both have a strong grasp of their local community's needs and are positive outward-facing organisations. Balancing these two qualities places unusual demands on people that they cannot manage alone.

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- The projects and organisations that create impact at multiple levels have a strong thread running through them: they share power, involve multiple players and work collectively and collaboratively. They seek positive integrated approaches where they are willing to suppress organisational vested interest for a wider collective good.
- Organisations that genuinely collaborate with the person with lived experience tend to have a much stronger sense of their strengths and capabilities, and prioritise building their positive identity.

What we will do:

- Publish our revised theory of change.
- Continue to support the IPPR work, as well as create opportunities for others to share their visions of a continually adapting system.
- Commission ethnography of people working within systems.

We said we would test how change methodologies can be used to shift multiple systems in whole localities.

What we did:

- Developed our work on place-based approaches through the following pieces of work:
 - Worked with Newcastle University Business School to hold a series of roundtable discussions with local authorities, systems thinkers, civil servants, people with lived experience and grant-funded partners across England to help us develop a manifesto which sets out the values, principles and behaviours needed to shape place-based systems change.
 - Commissioned the Institute for Voluntary Action Research (IVAR) to undertake a historical UK and international literature review of statutory and charitable approaches to place-based approaches.
 - Co-funded IVAR to look at how foundations are approaching place-based work across the UK.
 - Worked with the Association of Charitable Funders (ACF) to set up a time-limited group for funders interested in place-based approaches which includes UK, England-wide and Scottish funders and those based in a particular place.
 - Held a series of exploratory one-to-one meetings with other funders, statutory partners and other thinkers. Where these might lead to collaborations they are highlighted.
- Supported agencies taking place-based approaches, for example Civic Systems Lab, Save the Children's Children's zones, and The Winch's North Camden Promise Zone.
- Supported Social Finance's 'Impact Incubator' programme as it developed a 'collective impact' place-based response to ethnic inequality in mental health – the Lambeth Black Wellbeing Partnership.

What we learnt:

- Systems produce outcomes, not individual actions.

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- People must feel that they belong to the systems of which they are part (people need to talk about 'our system' not 'the system').
- Systems thinking is a necessary tool for people who want to improve the lives of people with severe and multiple disadvantage.
- Dialogue is not valued as much as action, yet can be just as important. To facilitate honest, mutually supportive and valuable dialogue requires safe spaces, conversations that are framed well, a commitment to understanding diversity of experience and developing empathy and an understanding of historical context. It is important to separate conversations about purpose from conversations about money.
- Place means very different things to different people. There are the administrative definitions, for example local authority wards, and then there are the definitions that matter to people, for example their neighbourhood, community, street. Often these two definitions do not mirror each other.
- Emotions and psychology play a key role in any change process, however this is not widely recognised or acknowledged.

What we will do:

- Publish the learning from our development work on place as well as the historical literature review.
- Start work in two places to develop our understanding of the different roles we could play and the methodologies and processes that should guide our work.
- Support the work of other foundations, beginning with the place-based work of the Lloyds TSB Foundation for Scotland.
- Continue to support grantees taking a place-based approach.
- Commission a learning partner who will capture the learning.

We said we would build a field of people capable of analysing, disrupting and reshaping systems

What we did:

- Launched SystemsChangers, a programme to support frontline workers to share their insights about the way systems need to change, in the North East and North West in April 2015. The programme, delivered by The PointPeople, finished in December 2015 with all 10 participants remaining on the programme.
- Worked with Barrow Cadbury Trust, Pilgrim Trust and Monument Trust to set up Agenda, the new alliance for women and girls at risk of severe and multiple disadvantage. Agenda aims to shift the focus away from the needs of women in individual crisis systems to a consideration of the role of trauma in the life-course of the most disadvantaged women and girls and the need for service responses that are gender and trauma-informed. Agenda launched in January 2016 with the publication of new research into the life-course experience of extensive violence and abuse among women, 'Hidden Hurt'.

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- Continued to build alliances and relationships with individuals, agencies and funders with a strong interest in ethnicity and severe and multiple disadvantage (with a particular focus on mental health) including convening an advisory group for our own work in this area.
- Supported New Philanthropy Capital to publish a literature review on systems change and how to do it.

What we learnt:

- The insights from the SystemsChangers programme are now published ([click here for link](#)). Frontline workers have a valuable role to play in shedding light on aspects of systems that require change. However, they feel a level of powerlessness to enact the change required.
- The appetite for the systems change guide from New Philanthropy Capital has demonstrated the need to support a far wider network of individuals and organisations to think systemically.

What we will do:

- Deliver a SystemsChangers programme in the South East and in one of the two place-based initiatives we will support.
- Develop a way to build an alumni network for SystemsChangers that fits into our wider Promoting Change Network work.
- Identify ways to build the capacity of individuals and organisations to think systemically such as through training and building a suite of tools that are freely available.

We said we would test the effectiveness of a range of change methodologies.

What we did:

- Funded the Centre for Local Economic Strategies (CLES), Collaborate and continued to work with New Local Government Network to test out different methodologies. Collaborate, for example, worked with multiple players in Coventry to identify the pre-conditions for systems change required in place.
- Continued to support strategic litigation including work by the Public Law Project (PLP) on access to civil legal aid for people facing severe and multiple disadvantage. Among other successes, PLP obtained a High Court ruling that the operation of the 'exceptional funding' scheme which Parliament intended should provide a safety net for the most vulnerable was a barrier to justice. We also supported a new project with the Centre for Criminal Appeals that aims to reduce the use of custody for non-violent women offenders.

What we learnt:

- People and agencies increasingly have the appetite for system change, but are unsure how to go about it and are trapped by the thinking of the existing system.
- System change is a long and difficult process for people and organisations, not least because it requires cultural and behavioural change, as well as service redesign.

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- In expert hands, strategic litigation has a powerful role to play in changing how statutory systems interpret the rights of the most disadvantaged.
- We need to place less reliance on establishing the cost benefit of interventions and approaches as the principal means of making the case for change. This is based on a deeper understand that the systemic barriers standing in the way of scaling evidence-based practice are not readily overcome by a cost benefit argument. Such evidence is only one (albeit important) factor that contributes to change.

What we will do:

- Continue to support agencies to test a range of change methodologies.
- Ensure that there is an explicit gender and diversity element to the change methodologies.
- Understand how to support innovative practice to influence wider systems, such as commissioning.

We said we would build a network of decision makers willing to rethink and change systems.

What we did:

- Held meetings with civil servants, and local authority and health commissioners across the country.
- Held our *Equality of Exchange* in November 2015 attended by a number of commissioners from different sectors and parts of the country.
- Continued to support agencies such as Revolving Doors, Agenda and Making Every Adult Matter to influence national policy.

What we learnt:

- We can give voice to challenges without the same fear of financial reprisal that others carry, and it is important that we find and use our voice.
- Policy change has a role to play in creating systems change, but it is not necessarily for us as a funder to take a lead role in advocating for this change. We will support others to do this, only speaking out when it is an issue that is core to our mission.
- We are developing a growing understanding of the role that an independent funder can play in this field. We can fund small think and research pieces to fill gaps and we can use our convening role to bring together different players from across sectors and levels. However, we must do this in collaboration and partnership with others.

What we will do:

- Continue to support grantees who are influencing policy, including working with them to build a shared vision of the change we want to see.
- Build a network of national observers to challenge and support us as we develop our placed-based approach.
- Build a network of advocates and supporters around our BAME knowledge hub.

LANKELLY CHASE

Strategic framework and theory of change

A review of our strategic framework and theory of change was a one-off piece of work in 2015/16, triggered by the end of a 3 year strategic cycle. It is likely to be repeated in a further 3 years.

What we did:

- Developed a second version of Lankelly Chase's theory of change. The first underpinned our strategy from 2013 to 2016, and led us to fund and work with many diverse people and organisations. During that time, we have had hundreds of conversations with our partners and others, listened carefully to their experiences of working in different environments, and gathered their hard won insights into the lives of people on society's margins and the practice that makes a difference to them.
- Held dozens of events that have drawn together charities, people with lived experience of social disadvantage, public sector leaders and researchers. We have connected many partners with each other, and fostered dialogue that has led to further insight. We have also funded a number of important pieces of research and enquiry which have helped us test our assumptions and start to answer key questions.

What we have learnt:

- That we need to have a stronger focus on a clear long term goal towards which we can navigate rather than simply becoming ever more expert in defining the problem.
- That we need to narrow our focus to the systemic response to structural disadvantage. Our first theory of change suggested that there are structural and systemic causes of severe and multiple disadvantage. This analysis has been borne out by research such as Hard Edges. However, we have to be realistic about our role and hence we are limiting our focus to how various systems can respond to these structural factors, which in some cases means pushing them to acknowledge their existence.
- That we need to shift our role away from a grant maker and towards a change maker. This is explored in more detail below.

What we will do:

- We will publish our theory of change in a range of accessible formats.

Changing the way we allocate resources to external partners

What we did:

- During 2015/16 we made some fairly substantial changes to the way that we allocate funding. The two biggest changes were: temporarily suspending our open reactive grant programme in order to revise the process through which we seek and find potential partners; and from March 2016, delegating expenditure decisions to a newly-formed Executive Committee, within a clear strategic framework and agreed budget.

The LankeilyChase Foundation

The Executive Committee is made up of staff members and has decision-making authority on grants up to £300,000.

- The geographic profiling in Hard Edges showed us that we need to build our links and networks across the UK, initially in the North of England. We have focused work such as the ethnography and SystemsChangers in the North East and North West of England. We are also finding other ways to reach Scotland, for example we are investing in the Lloyds TSB Foundation for Scotland's work on place.

What we learnt:

- Over the past few years, we have been closely monitoring the way that we allocate our resources. Our open process was not proving open to people with lived experience and the overwhelming majority of applications did not support our objectives. We have become increasingly concerned that we were wasting applicants' time and raising expectations that wouldn't be met. We also noted that the ideas which did prove successful grew out of relationships built over time, and often originated from referrals through our networks.
- An increasingly relational, agile and development model of funding has proved hard to reconcile with infrequent trustee-led Grants Committees.
- We have less confidence in social investment as a discrete lever of fundamental change. We were an early adopter of social investment, however we have struggled to identify prospects that align with our purpose. This is a result of both the limited capacity of organisations working in this field and the uncertain nature of their income.

What we will do:

- Develop different mechanisms that will enable us to identify the people, organisations and ideas that might most powerfully contribute to tackling severe and multiple disadvantage. We think this is likely to include building intelligence networks, undertaking more exploratory visits, and actively seeking people in underrepresented areas. We expect that the time released from processing large numbers of unsuccessful applications can be re-invested in more proactive and outward facing activity.
- Prioritise and consolidate the grant relationships we currently have in order to understand how best to support and work alongside our external partners.
- Understand how to manage demand for input from external partners versus our capacity to respond.

A governance structure to reflect our ambitions

What we did:

- Recruited an additional member of our board with lived experience of multiple disadvantages, as part of a commitment to strengthen our expertise in this area.
- Recruited new trustees based in the North of England, reflecting evidence in Hard Edges that severe and multiple disadvantage is disproportionately found in northern post-industrial cities.
- Recruited two co-optees to our Investment Committee.

The LankellyChase Foundation

What we will do:

- Establish a Learning and Communications Committee. By delegating grant decision making to the Executive Committee, we no longer required a Grants Committee. We will therefore shift governance attention from grant making inputs to learning and communication outputs and outcomes. Its first action will be to develop and implement learning and communication strategies.
- Establish a Finance and Resources Committee as a scrutiny mechanism to oversee resource allocation against our strategic framework. This replaces the Administration Committee, which focused mainly on human resource decisions.
- Continually review our governance structures to ensure that they remain fit for purpose and provide the best opportunity to hold the executive team accountable and assesses progress against the strategic framework.

Communicating our vision

What we did:

- Continued to have a strong focus on communications throughout the year. Soapbox refreshed our branding which was soft launched in June and fully launched with our new website in September. While we retain the legal name The LankellyChase Foundation and will use this name in legal documents, in all other materials we now refer to ourselves as Lankelly Chase, reflecting how external partners already know us.
- Continued to share our learning through speaking at conferences and events, supporting and hosting events, communicating through social media and through one to one meetings. Increasingly we are finding ways to give a platform to the plurality of voices through these events, blogs and publications.
- Held events to launch a number of pieces of work we have supported; SystemsChangers, "Hard Edges: the lives behind the numbers" and "Bringing Everything I am Into One Place" (the Social Research Unit work on young people).

Very sadly in August 2015 our Communications Manager, Chantal Benjamin, died. This caused us to put our communications work on hold. We delayed the recruitment of a new Communications Manager while we refreshed our theory of change. In May 2016 our newly-recruited Communications Manager, Carrina Gaffney, joined the team.

What we will do:

- Use a variety of communication channels and methodologies to promote the learning from all of our work and engage in conversation with a broader spread of partners.

Investing responsibly

The Foundation is committed to investing its assets in accordance with the Principles for Responsible Investment (PRI) and expects its fund managers to adhere to the same code.

The LankellyChase Foundation

What we did:

- Reviewed the generally recognised areas of responsible and ethical investment to identify those that are most aligned to the Foundation's mission, values and ultimate beneficiaries.
- Held discussions with the Foundation's investment managers to understand the implications of applying additional filters to the portfolio.
- Agreed to introduce the following types of screening which will cover approximately 80% of the managed investments:

Type of Screen	Exclusions
Tobacco	10% of turnover
Alcohol	10% of turnover
Gambling	10% of turnover
Pornography	10% of turnover
Cluster munitions and landmines	Exclude
Strategic military sales	10% of turnover
Nuclear weapons – whole	Exclude
Nuclear weapons - key parts	Exclude
Oppressive regimes	Exclude
High interest rate lending	10% of turnover
Poor marketing of breast milk substitutes	Exclude
Energy coal extraction	10% of turnover
Failed engagement (after 3 years)	Exclude

- Lankelly Chase is a member of the Charity Responsible Investment Network (CRIN) which is facilitated by ShareAction. Through taking part in ShareAction's campaigns we are more able to engage with companies and influence issues that might affect our ultimate beneficiaries, like paying the Living Wage, reforming company tax practice and protecting the environment.

What we learnt:

- This is a complex area and it will take time for us to move more of our portfolio towards being invested as ethically and responsibly as we might want.
- Investments in overseas equities and bonds, which are held in pooled funds to achieve greater diversification, may not always reflect our ethical preferences.
- As a long term investor there need not be a material financial cost to investing our portfolio more ethically.

What we will do:

- Work with our investment managers to monitor the financial impact of our new ethical policy.
- Review carefully that part of the portfolio to which our ethical policy cannot be applied.
- Continue to join ShareAction's campaigns engaging with the companies in which we invest, or might want to invest.

THE LEGAL REQUIREMENTS

The objects of the Foundation

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

Vision

A society where everyone is supported to live a fulfilling life.

Aim

To bring about lasting change in the lives of people who are currently most disadvantaged in our society.

Goal

To ensure that people facing severe and multiple disadvantages can participate fully in networks of support.

Values

Determined: we are passionate about social change, believing that real change takes tenacity, kindness and commitment. We work with humility, knowing that there are no simple answers.

Open: we are always open to new ideas and evidence, sharing whatever we learn. We build relationships based on respect, kinship and shared humanity.

Reflective: we challenge assumptions to find what really works. We seek continual feedback as a powerful learning tool.

History

The LankellyChase Foundation is the amalgamation of two grant-making trusts, the Lankelly Foundation and the Chase Charity.

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

Structure, governance and management

The Board of Trustees administers the Foundation. The Board appoints trustees who then serve for four years, after which they may be re-appointed to serve one further term of up to four years. In exceptional circumstances a trustee may, if agreed unanimously by the Board, be asked to serve an additional four year term. The Chair is appointed by the trustees through external competition and serves for a maximum of two 3-year terms.

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

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

The LankellyChase Foundation

The full trustee board meets three times a year to manage the Foundation.

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

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

- The Investment Committee to oversee the management of the Foundation's assets
- The Audit and Risk Committee to oversee the main risk and audit requirements
- The Finance and Resources Committee to monitor and review budgets and expenditure, and our human resources. From April 2016, this committee expands the remit of, and replaces, the former Administration Committee.

In addition, the Board has decided to establish a Learning and Communications Committee to increase the impact of the Foundation's work. The core task of this committee in its first year is to establish learning and communications strategies. This committee replaces the Grants Committee which met twice in 2015/16 to agree grant expenditure.

Risk management

The trustees are responsible for establishing and monitoring Lankelly Chase's internal control systems. They review the major strategic and operational risks at least annually and are satisfied that the system of internal controls currently in place is adequate, while recognising that it is designed to manage rather than eliminate risk. Internal controls are reviewed as part of the day-to-day management processes within the Foundation.

The trustees consider that the principal risk to Lankelly Chase is that it does not fulfil its core purpose to tackle severe and multiple disadvantage. In order to mitigate this we review our theory of change, strategy, governance and work practices regularly and seek feedback on our effectiveness through an independent grantee perception survey. We also accept that the projects with which we work might involve more risk than other funders might be comfortable with. However, we have management processes in place to manage those risks where possible and to learn from failures as well as successes.

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

Public benefit requirement

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

Review of grant activity

In 2015/16, to build on our learning over the recent years, we reviewed our grants process. From February 2016 trustees delegated decision making on spend to a newly formed Executive Committee. The Executive Committee is chaired by the Chief Executive, with all Directors and programme staff in attendance.

The LankellyChase Foundation

The purpose of the Executive Committee is:

- To oversee the activity set out in Lankelly Chase's Operational Plan, ensuring that it is:
 - Moving Lankelly Chase towards its goal
 - Keeping to timescales
 - Working within budget
 - Identifying and managing the main risks, and where appropriate escalating risks to the Board.
- To approve individual items of spend below £300,000. Items over £300,000 which have not been pre-approved in the annual budget should be brought to the full board for review, as should any grants considered by the Executive Committee to be unusual or high-risk.

Prior to February 2016, grant decisions were taken by the Grants Committee if they were over £50,000. This Committee met twice in 2015/16. Grant requests between £15,000 and £50,000 were decided by two trustees, one of which was the Chair. These were normally done via email with some decisions taken in Grants Committee meetings. Grant spend under £15,000 was approved by the Chief Executive.

Grants were awarded in the year as follows:

Organisation name	Grant amount £	Strategic area	Description
Aspire Oxfordshire Community Enterprise Ltd (for Camerados)	15,000	Support	Development funding to scope potential for an approach to supporting people facing severe and multiple disadvantage that is based on friends and purpose (led to wider action research project, see below).
Baring Foundation	50,000	Systems	To establish an independent enquiry into the future of civil society in England. This will consider the changing nature of civil society and its prospects, investigate how to maximise the positive effects of civic action, and provide a road map as to how to develop these opportunities. It is expected to report in 2019.
Birth Companions	33,000	Support	An extension of Lankelly Chase's existing grant to enable Birth Companions to complete a review of their strategic and operational plans to ensure the provision of effective support for new mothers and babies facing severe hardship.
Black Training and Enterprise Group	90,000	Systems	To drive the implementation of the Young Review recommendations to address ethnic inequalities in the criminal justice system.
Camerados CIC	184,030	Support	An action research project trialling whether friends and purpose can be the drivers of 'hard' outcomes (for example, managing addictions and maintaining tenancy) and also exploring how support can be remodelled to be grounded in friends and purpose.
Carlisle City Council	3,000	Systems	Bursary for participation in Systems Changers.

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Organisation name	Grant amount £	Strategic area	Description
Centre for Criminal Appeals	262,057	Systems	To use strategic litigation to challenge the overuse of custodial sentencing of women for minor, non-violent crimes and to set legal precedents which other professionals in the field can use to implement widespread changes in practice that result in fewer women being sent to prison.
Centre for Local Economic Strategies Limited	45,150	Systems	To work in Manchester to see how economic regeneration and growth can focus on people facing severe and multiple disadvantage.
Children England	50,000	Systems	To create a brand new form of public ownership for children under 18 years of age.
Civil Exchange	10,000	Systems	To research and publish two annual reports on the independence of the voluntary sector in England
Collaborate	65,000	Systems	To use an action research approach to develop understanding of the infrastructure needed to support system change for citizens facing multiple disadvantage.
Community Led Initiatives (System Changers)	3,000	Systems	Contribution towards worker post for their participation in Systems Changers.
Cumbria Partnership Foundation Trust (for Love Barrow Families)	154,000	Systems	Continuation of the strategic partnership designed to improve the way that adult and children's health and social care services work together to meet the complex needs of families in Barrow
Cyrenians - Changing lives (System Changers)	3,000	Systems	Contribution towards worker post for their participation in Systems Changers.
Cyrenians - Changing lives (System Changers)	3,000	Systems	Bursary for participation in Systems Changers.
Family Action	152,000	Systems	To deliver the Open Doors grants programme and to articulate the value of cash grants.
Family Action	140,000	Systems	To deliver the Open Doors Grants Programme and support Family Action's dissemination, influencing and future planning work.
First Stop Darlington	3,000	Systems	Bursary for participation in Systems Changers.
Goldsmiths' College (Open Book project)	50,000	Support	A development grant allowing Open Book to pilot their model of education and peer based community support in a new community (Chatham) in partnership with Greenwich University.
Goldsmiths' College (Open Book project)	50,000	Support	For Open Book to continue their developmental work in Chatham and to work with the academic team at Goldsmiths' to start to create a year zero degree.

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Organisation name	Grant amount £	Strategic area	Description
Griffins Society	15,000	Support	To sponsor two Griffins Society research Fellowships which will investigate the lived reality of women facing severe and multiple disadvantage.
Homeless Link	218,631	Systems	To create a movement to encourage the spread of Housing First as an approach to address homelessness.
Homeless Link (for Expert Link project)	13,900	Systems	Development funding to scope a potential role for a national umbrella organisation that represents those affected by homelessness, mental illness, substance and alcohol misuse and re-offending.
Homeless Link (for Expert Link project)	50,000	Systems	To develop a nationally representative platform which builds the voice, power and influence of people with severe and multiple disadvantage.
Homeless Link (for MEAM project)	297,773	Systems	To enable the Making Every Adult Matter (MEAM) coalition to establish a national agenda for policy change informed by frontline voices and to support areas to influence local policy; and to improve the coordination of policy work across the MEAM partners.
Hope into Action	120,345	Support	To expand over three years the Hope into Action model of community-based supported housing through a social franchise in new towns, increasing the number of supported houses available for those facing homelessness and extreme exclusion.
Institute for Voluntary Action Research (IVAR)	5,000	Systems	Funded IVAR with other foundations to understand the role foundations can and are playing in place.
Institute of Public Policy Research (IPPR)	25,000	Systems	To carry out a research project that sets out a variety of models for how such a 'Troubled Lives' programme could be delivered and funded, with costed policy recommendations.
Just for Kids Law	47,992	Systems	To undertake developmental work for a campaign to change the youth justice system from one which penalises and stigmatises young people to one which nurtures and protects them.
Justice	4,000	Systems	To produce briefing materials and hold a roundtable event for lawyers, judges and charities about new arrangements for judicial review.
Justlife Foundation Ltd (System Changers)	3,000	Systems	Bursary for participation in Systems Changers.
Justlife Foundation Ltd	37,770	Systems	To scope the possibility of a collaborative initiative that would improve the health and wellbeing of tenants of unsupported temporary accommodation (UTA).

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Organisation name	Grant amount £	Strategic area	Description
LGBT Foundation	133,978	People	To research what constitutes severe and multiple disadvantage for lesbian, gay, bisexual and trans (LGBT) people; and to use this developing evidence to drive more inclusive design and delivery of services for LGBT people at the extreme margins.
Lifeline (System Changers)	3,000	Systems	Bursary for participation in Systems Changers.
Local Solutions	7,094	Support	To backfill for one day a week the role of the lead intense mentoring practitioner, providing her with time to research different practice models to improve intense mentoring and to explore wider systemic implications for this model.
London Pathway	291,000	Systems	Extend the impact of the Faculty for Homeless and Inclusion Health so there is increased recognition across the NHS of the complexities of working with people facing multiple disadvantage and the importance of engaging with the social determinants of health.
Mayday Trust	200,000	Support	Core funding to assist Mayday Trust over the next 2 years as they change their business and delivery models to build on what they learned through the asset-based Mayday Inspire proof of concept (part-funded by Lankelly Chase) in Oxford.
National Children's Bureau	74,500	People	To undertake research into children missing from education in order to understand the pathways which cause young people to become absent from education, and act as a springboard for greater awareness, understanding and practice.
National Survivor User Network (NSUN) for Real Insight project (grant previously awarded to Resolving Chaos in 2014/15 and cancelled in 2015/16)	125,386	Systems	To host and support Real Insight to create and test a transformational co-production model led by a group of people with lived experience of multiple and complex needs, which aims to redefine power and influence in service provision, and reposition service users from being passive recipients to active shareholders in services.
National Survivor User Network (NSUN) for Real Insight project	15,000	Systems	To provide additional support to Real Insight as part of the hosting agreement,
Nelson Trust	5,000	Support	To co-host a conference with WomenCentre on good practice in supporting women facing multiple disadvantages.

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Organisation name	Grant amount £	Strategic area	Description
Nelson Trust	20,500	Support	To provide contingency funding for one Sex Worker Project Worker post from September 2015 until the end of March 2016
New Philanthropy Capital (NPC)	4,925	Systems	To edit, design and print NPC's LankellyChase-funded research to map the landscape of systems change thinking as it applies to social problems and the social sector.
Newcastle City Council	3,000	Systems	Bursary for participation in Systems Changers.
Nia Project	40,000	Systems	To support the transfer of the policy and research functions of Eaves Housing For Women, following its closure, to The Nia Project, for a period of 12 months; and to transfer, capture and extend learning from a grant made to Eaves in 202/13 to explore the criminalisation of women involved in sex work.
Our Sorority CIC	21,000	Support	Piloting an approach to training in job centres so workers understand and sanction fewer young women living with severe and multiple disadvantage.
Participle Ltd	50,000	Systems	The grant was for the completion of a book detailing the experiences of an individual trying to change public systems. However in September 2015 Participle Ltd closed so this grant was not paid out. The money has been released back into the general pot.
Petrus Community	3,000	Systems	Bursary for participation in Systems Changers.
Providence Row	10,000	Systems	For evaluation of the project that we've supported.
Revolving Doors Agency	302,129	Systems	Core grant for three years.
Social Finance	50,000	Systems	To support the development of the Black Wellbeing Partnership to address ethnic inequalities in mental health in Lambeth.
Transforming Choice	100,000	Support	To continue Transforming Choice's work to create an influential new residential rehab model for people experiencing long term alcohol addictions and associated disadvantages.
Transgenerational Change Ltd	50,000	Support	A development grant to assist Transgenerational Change to develop a new business model to spread their work delivering multi-family therapy in schools with the most disadvantaged families, creating a culture change in those schools and amongst those families, improving child welfare.
Tree House Liverpool CIC	10,000	Support	To allow Tree House Liverpool to visit other projects and gain insight on what they can do and share this locally and/or nationally.

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Organisation name	Grant amount £	Strategic area	Description
University of Bedfordshire	50,000	Systems	To support years 3 and 4 of the evaluation of 'Hub and Spoke' support services for children and young people affected by sexual exploitation, as part of Lankelly Chase's membership of the Child Sexual Exploitation Funder Alliance (CSEFA).
University of Newcastle Upon Tyne	4,923	Systems	For research to explore the creation of place-based system-change.
University of Newcastle Upon Tyne	1,328	Systems	Participation of Toby Lowe in the action research that has led to the development of our place based work.
Unlimited Potential (for Salford Dadz)	344,248	Support	To test over three years whether the principles of the Salford Dadz model can be applied in three new communities, aiming to improve the lives of severely disadvantaged fathers as a driver to improve the wellbeing of their children.
Unlimited Potential (for Salford Dadz)	14,668	Support	To fund an independent social return on investment (SROI) evaluation of the Salford Dadz approach with extremely disadvantaged fathers in their pilot site: Little Hulton.
Wandsworth Community Empowerment Network	249,829	Systems	To use coproduction as a methodology to build a whole system, community-centred approach to addressing inequalities in health and social care, through shifting early intervention and prevention initiatives into enabled social networks.
Wandsworth Community Empowerment Network (WCEN)	10,000	Systems	Additional grant to support the evaluation of the WCEN project that we supported.
Welsh Women's Aid	24,508	Systems	To support shared learning and strategic alliance between the work of Women's Aid, Welsh Women's Aid and Lankelly Chase on place-based systems change and ensure equality-, gender- and rights-based approaches are integrated into systems change work across sectors.
Women's Aid Federation of England	24,597	Systems	To support shared learning and strategic alliance between the work of Women's Aid, Welsh Women's Aid and Lankelly Chase on place-based systems change and ensure equality-, gender- and rights-based approaches are integrated into systems change work across sectors.
Whitechapel Centre	3,000	Systems	Bursary for participation in Systems Changers.
Total	4,450,261		

Financial report

The trustees authorised a total budget (excluding investment management and social investment fees) for 2015/16 of £6,221k made up of:

- £5,228,000 programme costs
- £993,000 staff costs, governance and support

Total expenditure, excluding investment management fees was £5,723,600. This was made up of:

- £4,815,969 programme costs.
- £907,631 staff costs, governance and support.

For a number of large programme areas the budget was set to cover more than one financial year and so, although it appears as if spend was under-budget, in fact money has been carried over for spending in future years as the project develops.

The staff cost budget was less than budget because planned recruitment did not take place as early as planned and temporary replacements worked part-time. Other staff-related expenditure was also lower than budget as a result.

Spending policy

Trustees and staff regularly review progress against the Foundation's strategic aims and a work plan is agreed with the staff team. In 2015/16 the work continued to be grouped in terms of People (Who), Support (What), Systems (How) and Attitudes (Why). In 2016/17 the groupings will be: People, Support, Systems and Lankelly Chase.

Budgets are authorised annually for grants and for each major strategic area (equalities and rights, systems change and social innovation).

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

Investment policy

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

The Foundation seeks to produce the best financial return within an acceptable level of risk for the bulk of the assets. Trustees seek to maintain the value of the Foundation's assets at not less than £100m in real terms (revalued from a base in 2013) after fulfilling its mission-related programme.

Investment management

The trustees engage four investment management houses to manage a portfolio of assets on a discretionary basis which had a value of £127 million at 31 March 2016 (2015: £136 million). These houses were chosen to complement each other and reduce style bias and manager risk. As such, they employ a range of strategies to meet investment objectives and report performance against stated benchmarks.

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In addition, the trustees measure long-term performance against the objective of maintaining the real value of reserves at not less than £100 million (from a starting point on 31/3/12 for the indexation calculations) while being able to meet all the spending requests on projects and grants that are considered likely to help us to achieve our objectives. The underlying holdings are generally readily marketable and are either quoted on recognised exchanges or are authorised unit trusts or open-ended investment vehicles.

Investment portfolio

The investment portfolio contains the bulk of the Foundation's assets. Certain restrictions apply to all investment managers such as a ban on investing directly in companies the operations of which might significantly conflict with the Foundation's mission or adversely affect our ultimate beneficiaries, people facing severe and multiple disadvantage. Each fund manager has agreed asset allocation bands and performance benchmarks against which performance is reviewed.

The total value of the managed fund investments fell by £9 million, from £136 million in 2015 to £127 million in 2016 (2015: increase of £12 million).

Performance

2015/16 has been one of those periods where financial markets have experienced high volatility and our managed portfolio has experienced similar ups and downs. However, LankellyChase is a long-term investor with a well-diversified portfolio spread over four investment managers each with its own benchmark, set to best enable the Foundation to achieve its investment strategy over the long term and so can accept some short-term volatility.

In the period since 2012 when there was a review and change of fund managers two of our managers have performed better than their benchmark and two are behind benchmark. The composite performance has, however, exceeded benchmark. In 2016/17 we will be undertaking a review of our investment strategy, fund managers and the performance needed to achieve our objectives.

Social investments

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

Decisions about prospective social investments are made by the trustees who may take advice about individual investments and contracts if deemed necessary.

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

Social investments at 31 March 2016 totalled £1,972,612 (2015: £2,053,763).

The LankellyChase Foundation

The Foundation remains part of a network of other foundations that are keen to advance the volume and profile of social and impact investing.

Reserves policy

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

As noted above, in 2013 trustees agreed that they would not want to erode the value of the reserves below £100 million (in real terms).

Trustees consider it prudent to hold cash of approximately twelve months' projected expenditure. This includes grants and social investments that are payable in the next 12 months, one year's programme, staff, governance and office costs and the value of any purchases of office furniture or equipment that are anticipated within the next 12 months. This cash is held under the Foundation's direct control.

Remuneration policy

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

LankellyChase aims to maintain a competitive and fair salary structure which is clearly defined and communicated to all employees with procedures that are applied consistently in a non-discriminatory manner. The Foundation benchmarks salaries against an appropriate comparative sector/set of organisations. All salary changes are approved by the CEO and the Finance and Resources Committee (formerly the Administration Committee).

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

The Foundation does not pay remuneration to trustees or co-optees.

Statement of responsibilities of the trustees

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

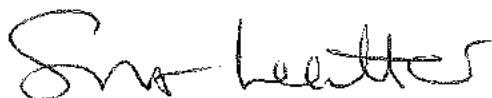
In so far as the trustees are aware:

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

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

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

Approved by the trustees on 22 June 2016 and signed on their behalf by



Dame Suzi Leather
Chair of Trustees

The LankellyChase Foundation

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

We have audited the financial statements of LankellyChase Foundation for the year ended 31 March 2016 which comprise primary financial statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the statement of trustees' responsibilities set out in the report of the trustees, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

The LankellyChase Foundation

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

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

Date 22 June 2016

The LankellyChase Foundation

Statement of financial activities
for the year ended 31 March 2016

	Note	Restricted fund £	Unrestricted fund £	Total 2016 £	Restricted fund £	Unrestricted fund £	Total 2015 £
Income from:							
Investments	2	-	3,352,822	3,352,622	-	3,991,317	3,991,317
Donations		-	40,646	40,646	-	110,478	110,478
Other income	3	-	-	-	35,000	9,238	44,238
Total incoming resources		-	3,393,268	3,393,268	35,000	4,111,033	4,146,033
Expenditure on:							
Investment management fees		-	808,012	808,012	-	806,661	806,661
Social investment fees		-	-	-	-	3,222	3,222
Charitable activities	4	-	5,723,800	5,723,600	38,020	4,759,262	4,797,302
Reorganisation costs		-	-	-	-	110,944	110,944
Total expenditure		-	6,531,812	6,531,612	38,020	5,680,109	5,718,129
Net expenditure before net gains/(losses) on investments		-	(3,138,344)	(3,138,344)	(3,020)	(1,569,076)	(1,572,096)
Net (losses)/gains on investments		-	(6,864,904)	(6,864,904)	-	11,766,948	11,766,948
Net (expenditure)/income for the year	5	-	(10,003,248)	(10,003,248)	(3,020)	10,197,872	10,194,852
Transfers between funds		-	-	-	3,020	(3,020)	-
		-	(10,003,248)	(10,003,248)	-	10,194,852	10,194,852
Reconciliation of funds:							
Total funds brought forward at 1 April 2015		-	139,965,944	139,965,944	-	129,771,092	129,771,092
Total funds carried forward at 31 March 2016		-	129,962,696	129,962,696	-	139,965,944	139,965,944

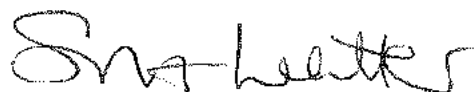
All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 17 to the financial statements.

The LankellyChase Foundation

Balance sheet
as at 31 March 2016

	Note	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	11		77,826		115,470
Investments					
Managed funds	12		126,577,773		135,911,788
Social investments	13		1,972,612		2,053,763
			<u>128,628,211</u>		<u>138,081,021</u>
Current assets					
Debtors	14	126,217		629,037	
Cash at bank and in hand		<u>5,553,540</u>		<u>5,669,611</u>	
		5,679,757		6,298,648	
Liabilities					
Creditors: amounts falling due within one year	15	<u>(2,931,248)</u>		<u>(3,220,674)</u>	
Net current assets			<u>2,748,509</u>		<u>3,077,974</u>
Total assets less current liabilities			<u>131,376,720</u>		<u>141,158,995</u>
Creditors: amounts falling due after one year	16		<u>(1,414,024)</u>		<u>(1,193,051)</u>
Total net assets			<u>129,962,696</u>		<u>139,965,944</u>
The funds of the charity					
Expendable endowment	17		<u>129,962,696</u>		<u>139,965,944</u>
			<u>129,962,696</u>		<u>139,965,944</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 22 June 2016 and are signed on its behalf by:



Dame Suzi Leather
Chair of the Board of Trustees

Company registration number 5309739

The LankellyChase Foundation

Statement of cash flows
For the year ended 31 March 2016

	Note	2016	2015
		£	£
Cash flows from operating activities	18		
Net cash provided by/(used in) operating activities		(6,017,761)	(6,471,878)
Cash flows from investing activities:			
Dividends and interest from investments	3,352,622		3,991,317
Proceeds from the sale of fixed assets	-		405,001
Purchase of fixed assets	(1,194)		(19,398)
Purchase of social investment	(150,000)		(137,502)
Return or impairments of social investments	231,151		93,436
Movement on cash within investments	1,676,218		227,145
Proceeds from sale of investments	35,209,279		29,781,673
Purchase of investments	<u>(34,416,386)</u>		<u>(29,732,291)</u>
Net cash provided by/(used in) investing activities		<u>5,901,690</u>	<u>4,609,381</u>
Change in cash and cash equivalents in the year		(116,071)	(1,862,497)
Cash and cash equivalents brought forward at 1 April 2015		<u>5,669,611</u>	<u>7,532,108</u>
Cash and cash equivalents carried forward at 31 March 2016	19	<u>5,553,540</u>	<u>5,669,611</u>

The LankellyChase Foundation

Notes to the financial statements for the year ended 31 March 2016

1. Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

Reconciliation with previously Generally Accepted Accounting Practice (GAAP)

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was required. The transition date was 1 April 2014. No restatements were required as a result of transition to SORP 2015/FRS 102.

Public benefit entity

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

Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

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

Income

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

Expenditure

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

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

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

The LankellyChase Foundation

Notes to the financial statements for the year ended 31 March 2016 (continued)

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

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

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

Allocation of support costs

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

Operating lease commitments

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

Tangible fixed assets

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

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

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

Investments

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

Social investments

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

Debtors

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

The LankellyChase Foundation

Notes to the financial statements for the year ended 31 March 2016 (continued)

Cash at bank and in hand

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

Creditors and provisions

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

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

Pension costs

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

Funds

As the Foundation's endowment is expendable, funds are available for use at the discretion of the trustees in furtherance of the charitable objects of the Foundation.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors.

2. Income from investments

	2016	2015
	£	£
Listed investments	3,291,579	3,920,659
Interest on cash held as part of the investment portfolio	9,393	15,018
Bank interest	26,402	30,943
Social investment income	24,410	24,697
Feed-in tariff	838	-
Total investment income	<u>3,352,622</u>	<u>3,991,317</u>

The LankellyChase Foundation

Notes to the financial statements for the year ended 31 March 2016 (continued)

3. Other income

	2016	2015
	£	£
Unrestricted funds		
Rent received	-	3,730
Other income	-	1,508
Profit on sale of fixed assets	-	4,000
	-	9,238
Restricted funds		
Grants received	-	35,000
	-	44,238

4. Expenditure on charitable activities

All expenditure on charitable activities falls under the heading of programme costs. These costs have been analysed by strategic area below, however most grants cut across more than one or two of these areas and, for grants that span a number of years, the focus of the work can also develop and change over time. The Foundation's approach is to encourage grant applicants to respond to what is needed locally rather than to restrict their work to one of these strategic areas.

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

	2016	2015
	£	£
Programme-related costs		
Strategic areas		
People	353,763	240,276
Support	1,374,499	967,922
Systems	2,967,268	2,464,468
Cross-cutting	120,439	182,350
	4,815,969	3,855,016
Governance costs (note 6)	41,831	59,151
Support costs (note 7)	865,800	845,114
	5,723,600	4,759,281
Restricted costs		
Systems	-	38,021
	5,723,600	4,797,302

The LankellyChase Foundation

Notes to the financial statements
for the year ended 31 March 2016 (continued)

5. Net (expenditure)/income for the year

This is stated after charging/(crediting)

	2016	2015
	£	£
Depreciation	38,838	37,455
(Profit)/loss on disposal of fixed assets	-	(4,000)
Operating lease rentals		
Property	65,318	65,087
Other	6,219	5,860
Auditors' remuneration (excluding VAT):		
Audit	10,600	10,518
Other services and VAT	2,098	-
	<u>38,838</u>	<u>37,455</u>

6. Governance costs

	2016	2015
	£	£
Legal expenses	162	2,628
Auditor's remuneration		
Current year provision	10,600	10,518
Prior year (over)/under-provision and VAT	2,098	4,620
Membership PRI	936	906
Chair and trustee recruitment	3,600	29,546
Trustee expenses reimbursed	7,236	4,695
Trustee training	585	1,030
Trustee meeting costs	16,131	4,887
Other governance related administration expenses	483	321
	<u>41,831</u>	<u>59,151</u>

7. Support costs

The key elements of support costs are set out below.

	2016	2015
	£	£
Staff costs (note 8)	674,448	654,190
HR-related costs	9,054	12,445
Premises costs including utilities and repairs	80,316	81,354
Legal and professional costs (consultancy, HR support)	3,940	-
Travel, subsistence and hosting of events	3,769	8,903
Training and conferences	6,537	3,498
Subscriptions and memberships	15,616	15,623
Telephone, postage, stationery and printing	14,451	14,050
Website and IT costs	18,133	16,920
Bank charges	698	676
Depreciation	38,838	37,455
	<u>865,800</u>	<u>845,114</u>

The LankellyChase Foundation

Notes to the financial statements for the year ended 31 March 2016 (continued)

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

Staff costs were as follows:

	2016	2015
	£	£
Salaries	537,281	537,856
Social security costs	57,204	59,384
SMP reclaimed	-	(2,359)
Employer contribution to defined contribution pension schemes	55,548	57,509
Temporary staff	22,006	-
Other forms of employee benefits	2,409	1,800
	674,448	654,190

The following number of employees received benefits (excluding employer pension costs) during the year between:

	2016	2015
	No.	No.
£70,000 - £80,000	1	2
£90,000 - £100,000	1	1

The total employee benefits including pension contributions of the 4.9 full time equivalent (FTE) key management personnel were £387,455 (2015 6.9 FTE: £554,709). The figures for 2015 include redundancy payments of £104,464 in respect of two management posts which were made redundant in 2015 as a result of a reorganisation. There were no redundancy payments made in 2016.

The Chief Executive received a gross salary of £93,138 with employer pension contributions of £15,382 (2015: £93,138 and £15,382 respectively). The key management personnel (including the Chief Executive) received gross salaries plus employer pension contributions and other benefits in the following bands. The 2015 figures include redundancy payments:

	2016	2015
	No.	No.
£30,000 - £40,000	-	0.9
£40,000 - £50,000	-	1.0
£60,000 - £70,000	2.9	2.0
£70,000 - £80,000	1.0	1.0
£100,000 - £110,000	1.0	1.0
£140,000 - £150,000	-	1.0
Total	4.9	6.9

The charity trustees were not paid nor received any other benefits from employment with the Foundation in the year (2015: £nil).

Trustees' expenses represent the payment or reimbursement of travel and subsistence costs totalling £10,778 (2015: £4,695) incurred by 10 members relating to attendance at meetings of the trustees (2015: 7).

The LankellyChase Foundation

Notes to the financial statements for the year ended 31 March 2016 (continued)

9. Staff numbers

The average monthly number of employees (head count based on number of staff employed) during the year was 11 (2015: 11).

10. Related party transactions

The former Vice Chair of the Foundation, Andrew Robinson, who retired as a trustee on 25 July 2015, is also Director of Market Development at CCLA Investment Management Limited (CCLA), one of the four fund management firms engaged by the Foundation to manage the investment portfolio.

CCLA managed funds totalling £12.9 million (2015: £13.3 million) on behalf of the Foundation at the balance sheet date and charged management fees of £64,270 (2015: £87,539) excluding VAT during the year.

11. Tangible assets

	Leasehold improvements	Furniture & equipment	Total
	£	£	£
Cost			
At 1 April 2015	133,849	67,654	201,503
Additions	-	1,194	1,194
Disposals	-	(10,126)	(10,126)
At 31 March 2016	<u>133,849</u>	<u>58,722</u>	<u>192,571</u>
Depreciation			
At 1 April 2015	48,700	37,333	86,033
Charge for the year	26,173	12,665	38,838
On disposals	-	(10,126)	(10,126)
At 31 March 2016	<u>74,873</u>	<u>39,872</u>	<u>114,745</u>
Net book value at 31 March 2016	<u>58,976</u>	<u>18,850</u>	<u>77,826</u>
Net book value at 31 March 2015	<u>85,149</u>	<u>30,321</u>	<u>115,470</u>

12. Investments – managed funds

Investments comprise:

	2016	2015
	£	£
Listed investments	122,888,570	130,546,367
Cash held as part of the investment portfolio	<u>3,689,203</u>	<u>5,365,421</u>
Total market value	<u>126,577,773</u>	<u>135,911,788</u>

The LankellyChase Foundation

Notes to the financial statements for the year ended 31 March 2016 (continued)

	2016	2015
	£	£
Fair value at 1 April 2015	130,546,368	118,828,802
Additions at cost	34,416,386	29,732,291
Disposal proceeds	(35,209,279)	(29,781,673)
Net (loss)/gain on change in fair value	(6,864,904)	11,766,948
Fair value at 31 March 2016	<u>122,888,571</u>	<u>130,546,368</u>
Historic cost at 31 March 2016	<u>117,076,129</u>	<u>116,243,627</u>

Holdings representing over 5% of the portfolio comprise:

	Holding No.	Market value £	Proportion of portfolio %
At 31 March 2016			
Sarasin Sterling Bond	10,082,618	11,100,962	8.8%
Sarasin Equisar - Global Thematic I Inc	1,309,710	9,611,961	7.6%
Sarasin Global higher dividend I Inc	5,865,272	7,818,408	6.2%
At 31 March 2015			
Sarasin Sterling Bond	9,149,482	10,402,961	7.7%
Sarasin Sterling Bond	5,865,272	8,105,806	6.0%

13. Investments - social investments

The movement in social investments held by the Foundation during the year, including those provided against, were as follows:

	At 1 April 2015	Purchases in year/ (return of capital)	At 31 March 2016
	£	£	£
Tregonwell Almshouses	3,020	(3,020)	-
East Lancashire Moneyline (ELM) Blackburn	200,000	(200,000)	-
Peterborough Social Impact Bond	345,860	-	345,860
Big Issue Invest	204,883	(28,131)	176,752
Charity Bank	200,000	-	200,000
Ethex	-	-	-
Social Justice and Human Rights Centre	550,000	-	550,000
Bristol Together CIC	250,000	-	250,000
Resonance Real Lettings Property Fund	250,000	-	250,000
Fair Finance	50,000	150,000	200,000
	<u>2,053,763</u>	<u>(81,151)</u>	<u>1,972,612</u>

At the year-end the Foundation had committed to further social investments totalling £250,000, to be made in the year to 31 March 2017.

The LankellyChase Foundation

Notes to the financial statements
for the year ended 31 March 2016 (continued)

14. Debtors

	2016 £	2015 £
Other debtors	85,375	576,408
Prepayments	38,467	46,257
Accrued income	2,375	6,372
	<u>126,217</u>	<u>629,037</u>

Included in other debtors is an amount of £2,221 (2015: £3,725) falling due after more than one year.

15. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	13,590	26,379
Grants payable within one year	2,697,916	2,929,510
Taxation and social security	-	18,268
Other creditors	3,004	4,655
Accruals	216,738	241,862
	<u>2,931,248</u>	<u>3,220,674</u>

Reconciliation of movement in grants creditors

	£
At 31 March 2015	
Grants falling due within one year	2,929,510
Grants falling due after more than one year	1,193,051
Total grants creditor	<u>4,122,561</u>
Prior years' grants cancelled/returned in year	(164,629)
New grants awarded in year	4,450,261
Grants paid in year	<u>(4,296,253)</u>
At 31 March 2016	<u>4,111,940</u>
At 31 March 2016	
Grants payable within one year	2,697,916
Grants payable after more than one year	1,414,024
Total grants creditor	<u>4,111,940</u>

16. Creditors: amounts falling due after one year

	2016 £	2015 £
Grants payable (all payable in 2-5 years)	1,414,024	1,193,051
	<u>1,414,024</u>	<u>1,193,051</u>

The LankellyChase Foundation

Notes to the financial statements for the year ended 31 March 2016 (continued)

17. Expendable endowment

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

	At 1 April 2015 £	Incoming resources & gains £	Outgoing resources & losses £	At 31 March 2016 £
Unrestricted funds	139,965,944	3,393,268	(13,396,516)	129,962,696

18. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2016 £	2015 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(10,003,248)	10,194,852
Depreciation charges	38,838	37,455
(Gains)/losses on investments	6,864,904	(11,766,948)
Dividends and interest from investments	(3,352,622)	(3,991,317)
(Profit)/loss on the disposal of fixed assets	-	(4,000)
(Increase)/decrease in debtors	502,820	(491,431)
Increase/(decrease) in creditors	(68,453)	(450,489)
Net cash provided by/(used in) operating activities	(6,017,761)	(6,471,878)

19. Analysis of cash and cash equivalents

	At 1 April 2015 £	Cash flows £	At 31 March 2016 £
Cash in hand	5,669,611	(116,071)	5,553,540

20. Operating lease commitments

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

	Land and buildings		Other assets	
	2016 £	2015 £	2016 £	2015 £
Less than one year	65,357	65,357	4,206	4,768
One to five years	261,426	261,426	-	4,206
Over five years	157,945	223,302	-	-
	<u>484,728</u>	<u>550,085</u>	<u>4,206</u>	<u>8,974</u>

The LankellyChase Foundation

**Notes to the financial statements
for the year ended 31 March 2016 (continued)**

21. Legal status of the charity

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