

**People's Health Trust**

**Trustees' Report and Financial Statements**

**Financial year ended 30 September 2019**

Company Limited by Guarantee  
Registration Number 06492606 (England and  
Wales)

Charity Registration Numbers  
1125537 (England and Wales)  
SC039848 (Scotland)

## Contents

### Reports

Reference and administrative information 1

Trustees' report (incorporating the strategic report) 3

Independent auditor's report 23

### Financial statements

Statement of financial activities 26

Balance sheet 27

Statement of cash flows 28

Principal accounting policies 29

Notes to the financial statements 33

## Reference and administrative information

<b>Trustees</b>	Sue Cohen (Chair) Nigel Turner (Deputy Chair) Dr Eva Elliott (Wales) Sue Hawkett OBE Barbara Simmonds FCA Paul Ballantyne (Scotland) Professor Elizabeth Dowler Alan Lally-Francis Jacqueline Lodge Thomas McIlravey Duncan Stephenson
<b>Company Secretary</b>	John Hume
<b>Leadership Team</b>	
Chief Executive	John Hume
Director of Grant Programmes	David Jones
Director of Communications, Evaluation and Learning	Nicola Brian
Interim Director of Finance & Operations	Michael Kyriakides
<b>Registered address</b>	3 <sup>rd</sup> Floor 64 Great Eastern Street London EC2A 3QR
<b>Company registration number</b>	06492606 (England and Wales)
<b>Charity registration numbers</b>	1125537 (England and Wales) SC039848 (Scotland)
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Solicitor</b>	Bates Wells LLP 2-6 Cannon Street London EC4M 6YH

## Reference and administrative information

<b>Bankers</b>	<p>The Co-operative Bank plc 4th Floor 9 Prescott Street London E1 8AZ</p> <p>Nationwide Building Society The Observatory Chapel Walks Manchester M2 1HL</p> <p>Close Brothers Group plc 10 Crown Place London EC2A 4FT</p> <p>Lloyds Bank plc Charity and Social Enterprise SME Banking 1st Floor 39 Threadneedle Street London EC2R 8AU</p> <p>National Westminster Bank plc Charities and Education Team Commercial and Corporate Banking 1st Floor 440 Strand London WC2R 0QS</p> <p>CAF Bank Ltd 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ</p>
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## Trustees' report (incorporating the strategic report) Year to 30 September 2019

The trustees present their annual statutory report (incorporating the strategic report) together with the financial statements of the People's Health Trust ("the Trust") for the year ended 30 September 2019.

The report has been prepared in accordance with the Companies Act 2006 and Part 8 of the Charities Act 2011 and constitutes the directors' report for the purposes of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 29 - 32, and comply with the charity's Articles of Association, applicable law and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

### GOVERNANCE, STRUCTURE AND MANAGEMENT

#### Constitution

The Trust is a charitable company limited by guarantee (Company No 06492606), incorporated on 4 February 2008 and registered as a charity (Charity No 1125537) with the Charity Commission on 15 August 2008 and with the Office for Scottish Regulator (OSCR) (Charity No SC039848) on 4 September 2008. The charitable company is governed by the Articles of Association which set out its objects, powers and its governance arrangements. In the event of the charitable company being wound up, members are required to contribute an amount not exceeding £1 each.

#### Trustees

The following trustees were in office during the year and at the time this report was approved:

<b>Trustees</b>	<b>Appointed</b>
Sue Cohen (Chair)	
Nigel Turner (Deputy Chair)	
Dr Eva Elliott (Wales)	
Sue Hawkett OBE	
Barbara Simmonds FCA	
Paul Ballantyne (Scotland)	
Professor Elizabeth Dowler	
Alan Lally-Francis	
Jacqueline Lodge	19 September 2019
Thomas McIlravey	17 October 2019
Duncan Stephenson	

**GOVERNANCE, STRUCTURE AND MANAGEMENT** (continued)

**Trustees** (continued)

Trustees serve a maximum aggregate term of nine years with one third of the Board retiring at each AGM.

Trustees are based in various locations around England, Scotland and Wales.

Trustees are non-executive members of the Board and Committees. There are clear distinctions between the roles of trustees and of the Leadership Team to whom day-to-day management is delegated. Matters such as policy and strategic plans are prepared by the Leadership Team for consideration and approval by the Board. The Trust recruits new trustees through open and external processes including using search agencies according to the skills needed within the Board and the diversity needed. All applicants undergo an application and interview process carried out by existing trustees (agreed by the Board) and involving the Chief Executive.

All trustees are partnered with an existing Board member to support their induction into the organisation. They will also meet with the Leadership Team to discuss their statutory responsibilities, their role within the Board, the governance framework, the strategic objectives of the Trust and how the Board works. The performance of the Board, both collectively and as individual trustees, is periodically assessed by having regular meetings and annual appraisals with the Chair and/or the Deputy Chair. Through this process, trustee development is regularly reviewed and determines the areas that trustees would like to focus on individually and collectively.

The Board formally met four times during the year. Each of the two committees (Audit, Risk and HR (ARHRC) and Evaluation and Learning (ELC)) met three times within the year.

**Key management personnel**

The key management personnel include the Leadership Team comprising the Chief Executive, three team directors and the Board of trustees (who are not remunerated for their role as board members).

The Trust's policy on remuneration is to ensure that pay offered to the Leadership Team is competitive when compared to other charity sector organisations (particularly funders), geography, role level and responsibility.

All Leadership Team salaries are approved by the ARHRC. Any cost of living pay packages are recommended by the ARHRC for Board agreement. The salaries are proposed and recommended based on benchmarking with other grant making charities and other information such as via recruitment agencies specialising in assessing the skills and expertise of a post, whilst also taking account of geography, Consumer Price Index (CPI) and the sector.

## **GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)**

### **Key management personnel (continued)**

The Leadership Team does not receive any performance related pay or benefits in kind, and have the same pension rights and annual leave as other staff employed in the charity. They may, as with all personnel, receive an annual cost of living rise.

Key management personnel are reimbursed expenses incurred in the course of their duties on the same basis as all other employees of the Trust. Details of the total basic salary and pension benefits of the key management personnel are included in staff costs (note 7).

### **Audit, Risk and Human Resources Committee (ARHRC)**

The ARHRC reports to and advises the Board on the key areas of audit, risk, finance (including investments), HR and legal. The Committee's terms of reference permit it to scrutinise officers' reports, meet with the auditors, offer advice to the Leadership Team and make recommendations to the Board. It has limited decision-making powers. Membership of this Committee within the year comprised four trustees (one of whom is a qualified accountant and one of whom chairs the Committee). There is provision for a fifth member (co-opted external), which we have recently filled. The Chair of the Trust is an ex-officio member of the Committee. The ARHRC met three times within the financial year.

### **Evaluation and Learning Committee (ELC)**

The ELC has strategic oversight of the Trust's evaluation and learning activities on behalf of the Board, as well as responsibility for advising the Leadership Team on the evaluation programmes. The Committee's terms of reference permit it to scrutinise Leadership Team decisions and recommendations and to discuss the extent to which the Trust is meeting its objects through its programme work. It supports the appointment of external evaluators and makes recommendations to the Board but undertakes limited decision-making (offering guidance and agreeing operational decisions which require input). Membership comprises three trustees (one of whom chairs the Committee) and a fourth co-opted external member, Dr Matt Egan from London School of Hygiene and Tropical Medicine. The Chair of the Trust is an ex-officio member of the ELC. The ELC met three times within the financial year.

### **Statement of trustees' responsibilities**

The trustees (who are also directors of the People's Health Trust for the purposes of company law) are responsible for preparing the trustees' report 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 income and expenditure of the charitable company for that period. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

**GOVERNANCE, STRUCTURE AND MANAGEMENT** (continued)

**Statement of trustees' responsibilities** (continued)

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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with: the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the provisions of the charitable company's constitution. The trustees 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Trust's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the Trust's auditor is unaware; and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

## GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

### Structure and management reporting

The Trust operated with an average of 24 (2018: 25) staff across three departments:

- ◆ **Grant Programmes** which manages the Trust's funding programmes, including capacity building and relationships;
- ◆ **Communications, Evaluation and Learning** which manages the Trust's internal, external and partner communications, programme evaluation and internal and external learning;
- ◆ **Finance and Operations** which manages the Trust's income and expenditure, investments, projects and back office functions (HR, legal, IT).

Each department has a director who, along with the Chief Executive, makes up the Leadership Team.

The Chief Executive has responsibility for external relationships and reports to the Chair of the Board of Trustees. Members of the Leadership Team attend all Board meetings.

The Management Team, comprises five managers based across four teams, and is responsible for the delivery of the Trust's annual delivery plan. It reports to the Leadership Team, and manages the wider staff team.

### Relationship with other organisations

The Trust's key relationship is with the 12 Community Interest Companies (CICs) which each run society lotteries under the marketing name of The Health Lottery. The CICs donate money for good causes arising from their lotteries to the Trust.

The Trust also has a relationship with the external lottery manager and attends the Steering Committee, which comprises the external lottery manager, the 12 CICs and the Trust.

## STRATEGIC REPORT

### Activities, specific objectives and relevant policies

#### *Objectives, activities and values*

The object of the charitable company is the promotion of health for the public benefit by increasing and supporting sustainable health equality in and for disadvantaged communities and groups across England, Scotland and Wales.

The Trust undertakes this work because of its ambition to see a society without health inequalities. We believe that where a person lives should not unfairly reduce the length of that person's life, or the quality of their health.

**STRATEGIC REPORT** (continued)

**Activities, specific objectives and relevant policies** (continued)

***Objectives, activities and values*** (continued)

Our work is underpinned by four key values:

**Stay true**

We remain true to our vision  
We remember what we are here for  
We know that people make change  
We help change happen

**Stay together**

We believe in strength in unity  
We stand with local people  
We work to ensure all voices are heard  
We support people to create space for their ideas

**Stay strong**

We stand up for our beliefs  
We work things out together with local people  
We engage with our critics and our supporters  
We tackle social injustice without fear

**Stay inspired**

We are always learning  
We are always listening  
We challenge ourselves to be different and do things differently  
We support ideas from local residents which will bring about real change locally

We invest our income in local people's ideas to help to create fairer places to grow, live, work and age.

The Trust was in its final year of its three-year Strategic Plan (2016-19) for which there were four key strategic objectives which supported us meeting our charitable objects:

- To take action on health inequalities: supporting local people to take action on health inequality;
- Communicating evidence and learning clearly: developing and communicating evidence and learning about wider social determinants of health;
- Partnering nationally and locally: building national and local support to place empowerment models for the benefit of local people;
- Being an outstanding funder and employer: improving what we do and how we do it.

***Public benefit***

The trustees confirm that they have complied with their duties under section 4 of the Charities Act 2011. They have considered the public benefit guidance published by the Charity Commission and believe that they have followed its guidance in this area. The trustees' report gives a description of the activities undertaken by the Trust during the period to further its charitable purposes, and the trustees are satisfied that such activities provide public benefit.

**STRATEGIC REPORT** (continued)

**Activities, specific objectives and relevant policies** (continued)

**Strategic objective: To take action on health inequalities: supporting local people to take action on health inequality.**

Over the year the Trust continued to invest in neighbourhoods which experience significant disadvantage. Through formal evaluation and informal learning, it has gathered further evidence that demonstrates the efficacy of the approach in addressing local control, as both a social determinant and an action. During 2018/19 the Trust worked with its funded partners to provide a series of physical and virtual networking opportunities and spaces for reflection and shared learning, including more than 40 networking and skills sharing events across England, Scotland and Wales.

***Grant making policy***

The Trust received donations from 12 fundraising CICs during the year and this money (after reasonable administration charges) is restricted for onward donation to local charities and community groups within the defined and published geographical areas across Great Britain. The areas are coterminous with combined local authority boundaries.

Lower life expectancy and years of life with additional disability disproportionately affect those people living in neighbourhoods experiencing the greatest socio-economic disadvantage across Great Britain, therefore the Trust focuses its resources on these neighbourhoods. Our funds support initiatives which address the wider social determinants of health, for example, the social, economic and environmental conditions which in turn affect the health of individuals and populations.

Our work is based on World Health Organisation research which demonstrates that where people are born, live, work and grow old are all powerful influences on our health. People living in more disadvantaged neighbourhoods have shorter lives than residents in more affluent areas and they also live more of their shortened lives with additional disabilities.

Fundamental to the Trust's grant-making policy is the belief that when local communities are empowered to take control over the agenda, the design and the delivery of action about things which matter to them, there can be significant health and well-being benefits in the medium and long-term. The Trust supports local people to take collective action to address the things that matter to them locally, and that they identify as rewarding and/or enjoyable.

The Trust operates three main grant programmes. It also funds a strategic grants programme through which no more than six grants are made each year. More detail can be found under the Grant Programmes section below.

STRATEGIC REPORT (continued)

Achievements, performance and future plans

*Review of activities*

*Grant Programmes*

During 2018/19 the Trust incurred costs of £5,614,399 (2018 - £8,967,095) across its main funding programmes.

Programme	2018/19 Total	2017/18 Total
Active Communities	£3,517,476	£6,325,035
Local Conversations	£1,385,218	£1,058,305
Local People	£683,405	£1,453,937
Strategic Funding Programme	£28,300	£1,700
<b>Total value of grant commitments</b>	<b>£5,614,399</b>	<b>£8,838,977</b>
Evaluation & Learning	-	£128,118
<b>Total</b>	<b>£5,614,399</b>	<b>£8,967,095</b>

During the financial year 2018/19, the Trust made 179 (2018 - 356) grants across all of its programmes which benefitted 53,179 local people. Since it started awarding grants in 2011, and up to 30 September 2019, the Trust had made 3,274 (2018 - 3,095) grants which have benefitted over 523,179 local people (2018 - 470,000). Details of the range of projects funded can be found on the website at [www.peopleshealthtrust.org.uk](http://www.peopleshealthtrust.org.uk).

- ◆ **Active Communities** has been running since October 2012 and our annual survey shows that it remains extremely popular. It addresses the wider social determinants of health and targets neighbourhoods and communities of interest which experience the greatest disadvantage as identified by the Index of Multiple Deprivation (IMD), Scottish Index of Multiple Deprivation (SIMD) and Welsh Index of Multiple Deprivation (WIMD). It is open for applications in different areas at different times of the year. The programme supports participants to come up with their own locally determined ideas, in order to strengthen social links and ties and foster greater collective control. By empowering participants to take the lead and by putting processes in place to address issues that are important to them, the programme aims to make local communities and neighbourhoods even better. A wide variety of activities are funded through Active Communities, from improving community spaces (buildings and land) to bringing communities of interest together so that they can collectively influence local decision makers who are overlooking their assets and needs. More about the kind of projects funded can be found in our annual review.

**STRATEGIC REPORT** (continued)

**Achievements, performance and future plans** (continued)

*Review of activities (continued)*

*Grant Programmes (continued)*

The Trust provides funding of between £5,000 and £40,000 to support actions and activities that are important to, and have been designed by, local people. £3,517,476 (2018 - £6,325,035) was committed through this programme during the year. The average grant award was £23,141. Since 2012, over 231,000 people have directly benefited from the programme. The Board receives a formal review of the progress of the programme in meeting the Trust's vision at least once a year, which has had deeper scrutiny at the Evaluation and Learning Committee. A fall in income has meant that we have reduced the amount of money we are able to spend on this programme. We reduced the maximum level of grant to maximise the number projects we could support.

- ◆ **Living Wage funded through Active Communities** - the Trust continues its support of the real Living Wage movement, recognising that fair pay for good work is an important determinant of health. It is a Living Wage Employer and continues its work as a founding member of the Living Wage Friendly Funders (driving up low pay in the third sector). The Trust is a member of the Living Wage Advisory Council. As in previous years, in 2018/19 the Trust continued to meet the costs of increases in the Living Wage to existing grant holders.

The Trust funded Citizens UK in the financial year to create an accreditation scheme for Living Wage Places (towns, cities, boroughs, regions or zones) by working with key local employers (e.g. local authorities, universities, football clubs) to accredit as Living Wage Employers and to commit to action plans to encourage other employers in the area to become accredited.

- ◆ **Local Conversations** offers a longer term neighbourhood-based approach to funding and has been running for over five years. The Board has committed to fund Local Conversations neighbourhoods for up to eight/nine years, subject to receipt of sufficient funds and satisfactory progress being made. The Trust acknowledges that such systemic change takes time to achieve and that local residents need this security of funding to really see change start to happen. The programme is the start of an enduring engagement across a neighbourhood. Local people who experience the socio-economic disadvantages which lead to health inequalities are encouraged to use their practical wisdom and skills to make change happen locally. This places local people very much in control of the initiatives which take place locally, what they may look like and how the money is controlled. The Local Conversation usually takes place over neighbourhoods of between 4,000 to 12,000 people and extension funding is considered by the Trust each year. The funding is awarded annually to a non-profit organisation in each neighbourhood that the Trust has assessed as having the skills and capacity to provide leadership to the Local Conversation. The lead organisations support residents to identify community-wide priorities, and the funding is used to meet the costs of actions and activities that will address the local priorities. The priorities (and underpinning actions and activity) are reviewed regularly through deep engagement with the local community, including those individuals and groups of people whose voices are seldom heard. Residents agree three or four priorities each in each neighbourhood and these vary depending on the local context, but typically include improving the local environment, including accessible clean green spaces, and addressing social isolation through community activities.

**STRATEGIC REPORT** (continued)

**Achievements, performance and future plans** (continued)

*Review of activities (continued)*

*Grant Programmes (continued)*

The programme supports the engagement across neighbourhoods and communities of interest which are complex in nature. Typically, the Trust focuses on those neighbourhoods which feature in the 30% most disadvantaged according to indices of multiple deprivation though other measures have been considered as appropriate.

During the year to 30 September 2019, the Trust made grants totalling £1,385,218 (2018 - £1,058,305) to support the Local Conversations grant programme in 18 neighbourhoods which experience significant disadvantage, comprising eleven neighbourhoods in England, three neighbourhoods in Scotland and four neighbourhoods in Wales.

Throughout the year, the programme has focused on supporting lead organisations by offering tailored support through community development/engagement specialists.

The Board receives a review of the progress of the programme in meeting the Trust's vision at least once a year.

- ◆ **Local People** - through this programme groups of neighbours and communities with shared interests organise local activities that help them address local issues of importance to them. They are supported by larger charities that operate at a local level and who bring their own expertise of working with specific communities. The Trust worked with Scope, TCV, Youth Sport Trust and Royal Voluntary Service (RVS) and Sustrans (part of the year) to support residents. At the end of the year the Trust was funding the programme in 20 neighbourhoods, of which 17 were in England, two were in Scotland and one was in Wales. This programme's funding is used to support residents to enable them to take greater control over the design, development and delivery of local initiatives, through collectively agreeing local priorities and supporting actions and activities. Collectively, these in turn start to influence the direction of the larger charities through a genuinely bottom-up process of community engagement and collective decision making. Usually, residents agree three or four priorities in each neighbourhood and these vary depending on the local context and the life experiences of people participating in the project.

£683,405 was committed through this programme during the year (2018 - £1,453,937), which provided extension funding to 12 of the Local People projects. This a longer term funding programme and many of the projects have already been funded for over four years. The amount of additional funding each year varies depending on the draw-down of funds by the lead organisations.

The Board receives a review of the progress of the programme in meeting the Trust's vision at least once a year.

**STRATEGIC REPORT** (continued)

**Achievements, performance and future plans** (continued)

*Review of activities (continued)*

*Grant Programmes (continued)*

- ◆ **Strategic Funding programme** - this programme allows small grants of up to £30,000 to be allocated in six places per year where it is thought a strategic relationship or pilot project may support the Trust's long-term work. One grant was awarded through this programme in the year for £28,300 (2018 - £1,700). The funded project is aiming to support older residents in a neighbourhood of Worcester to work together to influence the delivery of health, social care and community services. To date £35,000 has been committed to this programme (2018 - £6,700).

**Strategic Objective: Communicating evidence and learning clearly: Developing and communicating evidence and learning about wider social determinants of health.**

*Communications, Evaluation and Learning*

- ◆ **Evaluation & Learning**

We are measuring our progress through the collation and analysis of information from many different sources, such as independent programme evaluations, progress reports and more informal learning spaces, including practitioner networks and anecdotal storytelling from local communities. Evidence is emerging from formal and informal learning from across our programmes (Local Conversations, Active Communities and Local People) that local projects are achieving increased social connections, increased skills and knowledge and some are building collective control. These are key outcomes against our Theory of Change, by which success of our programmes is measured.

All programmes were evaluated during the year but a significant proportion of the costs were committed in previous years.

- ◆ **Informal Learning**

The Local Conversations and Local People networks have evolved further over the last year with the introduction of webinars as well as network events and online spaces through which practitioners can connect. Practitioners come together at an event twice a year for each programme where they can share knowledge and best practice. The networks understand more about the strategic direction of the Trust. They can also connect in between meetings online. We have developed our Active Communities network events further over the last year. These events were focused on informing new grant holders about grant management process, networking and understanding how local project work connects to social determinants of health and local policy challenges on the ground. The networks have been well received overall by participants and learning from them increasingly informs our wider learning.

- ◆ **Formal evaluation**

Formal evaluation took place in-year on three programmes: Active Communities, Local Conversations and Local People.

**STRATEGIC REPORT** (continued)

**Achievements, performance and future plans** (continued)

*Review of activities* (continued)

*Communications, Evaluation and Learning* (continued)

*Active Communities:*

The formal evaluation of Active Communities has been carried out by independent research consultancy Ecorys, over the last three years. The Year 3 report has reaffirmed the findings from the Year 1 and Year 2 reports. Specifically it has reinforced the ways in which projects are achieving increased social connections and improved social links and ties as well as increased knowledge, skills and confidence.

*Local Conversations:*

The New Economics Foundation (NEF) has carried out the evaluation of Local Conversations over the last four years. The Baseline, Year 1 and Year 2 reports are now published. They highlight the overall complexity of the programme and that participants in the programme are experiencing increased social connectedness, increased confidence and knowledge, as well as developing greater understanding and skills particularly for those most closely involved. Year 3 findings have been collated and will be published in late Spring 2020. The final year of the evaluation will take place in 2020.

*Local People:*

New Economics Foundation and Leeds Beckett University have completed a two year evaluation of the Local People programme which will be published in Spring 2020. As with the other programmes we are seeing that Local People is successfully achieving the short term outcomes including increased knowledge, understanding and skills.

The Trust is increasingly exploring cross programme learning and common themes that are emerging from our evaluations. As well as seeing real progress towards building social connections, collective control and skills and knowledge our learning is suggesting that leadership and understanding of community development is integral to the success of the Local People and Local Conversation programmes. There is a mixed picture about the degree to which influencing is taking place on the ground across our programmes and we know that this is a critical element on the Theory of Change to achieve wider impact on the social determinants of health at a neighbourhood level. Some projects have taken steps towards influencing wider partners or taking direct action on the improvements of their environments and the health and wellbeing of residents.

We are developing a practitioners' framework for Local Conversations and Local People which will support them to make further progress.

The evaluation reports for Local Conversations Year 1 and Year 2 have been published. Year 3 findings will be published in Spring 2020. Active Communities (Year 2 findings) were published within the year and are available online see: <https://www.peopleshealthtrust.org.uk/impact>.

**STRATEGIC REPORT** (continued)

**Achievements, performance and future plans** (continued)

*Review of activities* (continued)

*Communications, Evaluation and Learning* (continued)

◆ **Communications activity**

The Trust is focused on building a stronger narrative around social determinants of health directly linked back to local projects it is funding. The Trust is prioritising raising awareness of its work to local projects it is funding and to its wider mailing list which includes MPs, media and other sector organisations with an interest in the Trust's work. The Trust has been working on reaching audiences that have an interest in its increasing evidence around the effectiveness of its work including academics, MPs and policy makers. The Trust reaches out through a wide variety of communications including impact reports, blogs, websites and events. It also shares content through its social media channels including Facebook, LinkedIn and Twitter.

People's Health Trust commissioned its annual stakeholder survey in 2019 and overall, customer service feedback is similar to last year, with high levels of satisfaction with the responses to enquiries (81% felt responses were helpful). Application and grant management processes are generally seen as clear.

Networking or training events receive particularly positive comments.

Comments on the website are generally positive. 96% of respondents agree that it is easy to find the information required on the website.

**Strategic Objective: Being an outstanding funder and employer - Improving what we do and how we do it**

The Trust has prepared for a number of trustees stepping down in 2020 by reviewing the skills and experience on the board and the gaps left by departing members. It has used this opportunity to consider the Board's diversity in terms of ethnicity, age, geographic location and disability. Interviews were held within the year and two new trustees were appointed. Although other key characteristics were met, the Board was unable to appoint candidates with a BAMER background and continues to work towards this with new recruitment. The Board has temporarily increased to 11 members to allow a one-year handover period to take place.

The Board has reviewed its work against the Charity Governance Code, using external support. It found that it was working well across all areas.

Internal work has taken place to implement a new competency framework, new appraisal system and increased training opportunities.

**STRATEGIC REPORT** (continued)

**Achievements, performance and future plans** (continued)

*Review of activities* (continued)

*Finance and Operations*

◆ **Donations**

Over the last seven years, the Trust has been able to provide a sustainable income stream for groups of local residents experiencing disadvantage through the donation income received from society lotteries. Total donation income received from the society lotteries from 1 October 2011 to 30 September 2019, amounted to £110,224,693 (2018 - £102,864,068). Donation income for the year amounted to £7,360,625 (2018 - £9,619,866).

This decrease in donations is of concern to the trustees and is driven by lower than forecast sales of lottery tickets, from which the Trust receives a large share of its income. Work has continued throughout the year with the CICs who own the society lotteries and with the external lottery manager, to try to increase sales in the future. Additionally, we have worked to lobby Government for changes in legislation which would allow more money to be raised for good causes, if the regulations were relaxed. The Trust has developed an income generation strategy and continues to work to implement this to help diversify income.

◆ **Investment policy**

The Trust operates its investment activities in line with its current investment policy, which is intended to provide liquidity sufficient for the financing of the Trust's grants whilst maximising investment income. During the year we reviewed our investment policy and the current principles of the policy are as follows:

- The Trust will not make any investments where there the risk of loss of capital is unacceptable to the Board.
- Bank deposits can only be made in a UK-based mainstream banking institution which has a credit rating that the Board regards as acceptable in terms of risk.
- The Trust will usually only invest in bank counterparties with a minimum rating of BBB+/Baa1 or above from the three main credit rating agencies (Fitch, Moody's and Standard & Poor's).
- Investments in other asset classes will be considered where it meets the Trust's investment horizon and market risk appetite. Investment in other assets classes will be accessed through pooled funds (collective investment schemes) rather than direct investment.
- The Trust will invest only in accordance with its diversification policy.
- The Trust will make all investments in sterling.
- Investments and returns on investments must never take priority over or come into conflict with the Trust's charitable object i.e. the funding and payment of grants nor the fulfilment of operating expense obligations.

**STRATEGIC REPORT** (continued)

**Achievements, performance and future plans** (continued)

*Review of activities* (continued)

*Finance and Operations* (continued)

This Investment Policy now enables the Trust to have the opportunity to make higher investment returns, given an acceptable level of risk. The Board approved up to £3 million for the purposes of widening the scope of our investments, of which £2.5 million has been placed to date.

Investment income during 2018/19 amounted to £188,852 (2018 - £271,134) at an effective rate over the average cash balances during the year of 0.99% (2018 - 1.19%). The reason for the decrease of investment income is the continued reduction in cash balances given that grant payments have continually outstripped donation income. Market rates remained flat with no increase to the Bank of England's base rate.

◆ **Finance and Operations Team**

During the year we recruited an Operations Manager who is responsible for HR, IT, our Delivery Plan, staff training and projects. The interim Director of Finance and Operations is a qualified accountant and is supported by an experienced finance team.

◆ **Team development**

The Trust is committed to supporting an open learning culture within the organisation. Throughout the last year, we have continued to foster cross-team working and the sharing of knowledge to ensure that work is jointly planned, considered and delivered and that the outcomes are known and implemented by all team members. A relational working project team worked across all teams to identify ways in which cross-team working and support can be fostered. This will be implemented in the following year.

The team continued to be involved in the development of the Trust's new three-year strategy, implemented from October 2019, through a series of focus groups.

Individual team away days and a Trust-wide away day were held, through the course of the year, with an emphasis on relational working.

◆ **Human Resources**

The recruitment of the Operations Manager means that the Trust has successfully progressed key HR projects.

The Competency Framework was finalised in March and mapped into job descriptions. The appraisal system was redeveloped through consultation with the staff team, to embed the Framework and this work has been underpinned by training to support staff in using the Framework in recruitment and staff development/management.

**STRATEGIC REPORT** (continued)

**Achievements, performance and future plans** (continued)

*Review of activities* (continued)

*Finance and Operations* (continued)

Existing HR policies and procedures were revised and rolled out across the team and additional policies have been identified - work on these will continue through 2019/20. This work has been supported by our external HR advisers, who are contracted to give the Trust's leadership and management teams an overview of HR changes (past and future).

◆ **Customer Care**

With the support of an external consultant we have overhauled our complaints procedures, to reflect good practice in handling complaints about us and organisations we fund. All staff who may be involved in complaint investigations have been fully trained on the practice and procedure of complaint handling.

◆ **Safeguarding**

During the year the Trust carried out a major piece of work around safeguarding, in relation to both grant making and staff, in line with regulatory frameworks and guidance. As a result of this, the Trust rolled out a safeguarding policy and procedure to its staff and have worked with grantees to confirm they are aware of their safeguarding obligations. All staff have received training on recognising and dealing with safeguarding issues.

◆ **Information Technology**

During the year we continued to monitor our IT infrastructure to ensure it serves the needs of the Trust. We successfully renewed the contract with our IT provider. We also conducted an organisational-wide 'IT audit' to ensure that our current IT provision is fit for purpose and does not expose the Trust to any risk. The audit took place in September 2019, and therefore its recommendations will be carried out in 19/20 financial year. During the year we also completed the scoping of our replacement Grant Management System (GMS) and the recommendation was to migrate to a cloud-based solution. The migration took place successfully in December 2019 and the team will therefore benefit from the new system in 19/20.

◆ **GDPR**

The Trust has continued to comply with GDPR, with regular reviews and action taken to maintain compliance on an ongoing basis. Specifically, we have put up to date privacy notices in place for our website, staff and potential recruits. We have also worked with our grantees to confirm their understanding of their legal obligations.

◆ **Board Development**

The Board met four times within the year and 9 out of 10 members of the Board that served during the year attended at least three Committee meetings within the year (of which they are members). The Board agreed to reduce the time from four whole day meetings to two half day meetings and two whole day meetings. This helped to recruit and retain younger members to the board.

**STRATEGIC REPORT** (continued)

**Achievements and performance** (continued)

*Review of activities* (continued)

*Finance and Operations* (continued)

The Board's key focus within the year has been on:

- Board stability and diversity (as discussed above).
- Income - the Board has focused heavily on income and on upon ways to stabilise its income and to diversify.
- Safeguarding - the Board remains vigilant around this matter. The appointment of an executive member lead and a board member lead for this area has meant that processes and procedures have been further strengthened and the Trust is keeping up-to-date with current practice.
- Learning - the Trust is now some way into its evaluation programmes (with some reaching the final year). The Board has focused significantly on the impact that its grant funding is making both on the ground, in practice and in contributing to the evidence base.

**Strategic Objective: Partnering nationally and locally - building national and local support to place empowerment models for the benefit of local people**

Partnership work has increased significantly in the last year, with some important collaborations emerging, including:

- ◆ The Health Foundation's collaboration with nine other key national organisations addressing the social determinants of health.
- ◆ Citizen's UK and Living Wage Foundation - we have formed strong relationships around action on low-pay, including the development of the Low Pay in the Charity Sector and the setting up from scratch of the Living Wage Funders scheme which has attracted 52 major funders.
- ◆ We have some strong developed and developing relationships with academic institutions, which helps to further our work and reach new audiences.
- ◆ Within the year we started extensive policy review work (completed outside of the reported year). This will drive our local and national influencing work over the coming 12 months.

## STRATEGIC REPORT (continued)

### Future plans and post balance sheet event

The worldwide outbreak of the coronavirus pandemic (Covid-19) has caused extensive disruptions to organisations globally with major implications for operations as well finances. Trustees acknowledge and recognise the potential impact of the Covid-19 pandemic on the future operations of the Trust, its beneficiaries, partners and stakeholders and on the wider society. Key areas of the charity's operations that have been impacted include:

- ◆ Following the advice issued by the UK Government in March 2020 regarding employees working from home and other social distancing measures, we have enacted procedures to facilitate this and have taken detailed action that enables effective operation to continue whilst employees are not physically present in the charity's office.
- ◆ Operations of our beneficiaries - We have taken action which enables the Trust to continue to support its grant beneficiaries, including lifting grant restrictions and allowing changes which enable funded organisations to respond to COVID-19. We have maintained regular contact with all funded organisations and have set up support networks.
- ◆ Trust's meetings and events - The Trust will not be able to convene events such as its network or capacity building events in the same way as previously, however in both cases these meetings can be re-convened later in the year and some aspects have moved online, particularly network support. Smaller meetings continue to take place via online meets where possible, which includes the Trust's Board and committee meetings.
- ◆ Income generation - The Trust's income will be impacted by COVID-19. Its major source of income being society lotteries which, in part, are based in retail outlets, where footfall has fallen sharply. The Trust has remained in constant contact with our 12 community interest companies who operate society lotteries under The Health Lottery brand.
- ◆ The Trust's financial capacity - As noted above, it is predicted that the Trust's income will reduce in the short-term, however our financial modelling has demonstrated that we have the requisite amount of reserves to finance shortfalls of income over the next twelve months.

## FINANCIAL REVIEW

### Financial position and reserves policy

A summary of the year's results can be found on page 26 of the financial statements.

Total income in the year was £7,549,477 (2018 - £9,891,000) with income from donations totalling £7,360,625 (2018 - £9,619,866). The decrease is largely due to a downturn in lottery ticket sales. A further explanation of this is noted on page 16.

The total expenditure in the year was £7,424,140 (2018 - £10,738,902) all of which related to charitable activities. Included within this figure are support costs of £654,049 (2018 - £618,479). Expenditure on grants amounted to £5,614,399 (2018 - £8,967,095) and direct costs were £1,155,692 (2018 - £1,153,328). Included within support and direct costs are governance costs of £72,110 (2018 - £62,001).

**FINANCIAL REVIEW** (continued)

**Financial position and reserves policy** (continued)

At 30 September 2019, the Trust had total funds of £8,287,827 (2018 - £8,162,490). £7,289,656 (2018 - £7,061,934) of this related to restricted funds, of which £425,000 has been allocated to specific programmes at 30 September 2019 (2018 - £421,714). Total unrestricted funds were £998,171 (2018 - £1,100,556), of which £62,966 (2018 - £67,337) were designated funds. Details of the designated funds are included in note 16 on page 39.

The reserves policy for the charitable company states that the Trust will aim to maintain free reserves of a minimum of 13 weeks' running costs and a maximum of 26 weeks' running costs. As at 30 September 2019, the free reserves of £935,205 (2018 - £1,033,219) equated to 27.4 weeks' running costs (2018 - 30.3 weeks). The trustees consider the level of free reserves to be satisfactory at this point in the Trust's existence and will seek to maintain the requisite levels outlined in the reserves policy. The reserves policy is reviewed annually.

**Going concern**

There is a reasonable expectation that People's Health Trust has adequate resources to continue in operational existence for the foreseeable future. The trustees believe that there are no material uncertainties that call into doubt the charity's ability to continue operating as a going concern. In making this decision, the trustees have taken into consideration the risks and uncertainties arising from the Coronavirus pandemic (as highlighted on page 20), and conclude that the Trust can sustain its operations for a period of at least twelve months from the date of signing these financial statements. Consequently, the financial statements have been prepared on the basis that the charity remains a going concern.

**Risk management**

The Board is responsible for the oversight of the risks faced by the Trust. The Audit Risk and HR Committee (ARHRC) and the Leadership Team regularly (both separately and together) review the risk register and management issue regular reports on actions taken to manage and mitigate exposure to the risks.

The trustees ensure that controls exist over key areas of grant making and that financial procedures and systems exist. At Board meetings, they examine the business risks faced by the Trust, and ensure there are established effective plans and systems to manage and implement mitigating controls for those risks. Financial risk is minimised through regular and rigorous review procedures of the Trust's activities by the Leadership Team, ARHRC and also at Board level.

Our risk management process assesses risks based on their likelihood of occurrence, the impact of the risks, any mitigating controls that are in place and each risk is then allocated a score. Based on the score, risks are then classified into low, medium and high risks. The medium to high risks represent the principal risks for the Trust. The process also seeks to identify any actions and resources required to manage these risks further.

**FINANCIAL REVIEW** (continued)

**Risk management** (continued)

The trustees have considered the principal risks and the key risk has been identified as follows:

- ◆ Income - addressing the Trust's income instability to enable the Trust to continue to address health inequalities and to support existing projects. The trustees are considering a number of options and the Trust is working with the external lottery provider with a view of increasing sales. In addition the Trust has an income generation strategy in place that will assist in generating potential new income streams in the future.
- ◆ Coronavirus (COVID-19) pandemic - Through the work of the Leadership Team, the Board has addressed the difficulties that have arisen as a result of the pandemic outbreak by focusing on four key factors: staffing, projects, premises and income. For each factor, alternative plans have been put in place to ensure that disruption to the Trust's operations can be minimised.

**FUNDRAISING STATEMENT**

The Trust does not actively solicit donations directly from the public and therefore is not registered with the Fundraising Regulator and does not subscribe to any fundraising codes of practice. Were donations from individuals or trusts and foundations to be received, the Trust would ensure personal data is appropriately protected.

This report is approved by the trustees and signed on their behalf by:



S. Cohen

**Chair of Trustees**

**Approved on behalf of the trustees on 28 April 2020**

**Independent auditor's report to the trustees and members of People's Health Trust**

**Opinion**

We have audited the financial statements of People's Health Trust (the 'charitable company') for the year ended 30 September 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 30 September 2019 and of 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 Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**Basis for opinion**

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

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ◆ the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Independent auditor's report Year to 30 September 2019

### Other information

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

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

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- ◆ proper and adequate accounting records have not been kept; 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.

## Independent auditor's report Year to 30 September 2019

### Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

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

### Use of our report

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 and to the charity's trustees as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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.



Shachi Blakemore (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

11 May 2020

**Statement of financial activities** Year to 30 September 2019  
(including income and expenditure account)

	Notes	Unrestricted funds £	Restricted funds £	2019 Total funds £	Unrestricted funds £	Restricted funds £	2018 Total funds £
<b>Income from:</b>							
Donations	1	1,518,504	5,842,121	7,360,625	1,518,504	8,101,362	9,619,866
Investments	2	188,852	-	188,852	271,134	-	271,134
<b>Total income</b>		<b>1,707,356</b>	<b>5,842,121</b>	<b>7,549,477</b>	<b>1,789,638</b>	<b>8,101,362</b>	<b>9,891,000</b>
<b>Expenditure on:</b>							
Charitable activities	3						
. Supporting greater health equity		1,421,091	5,614,399	7,035,490	1,383,279	8,967,095	10,350,374
. Awareness and communications		388,650	-	388,650	388,528	-	388,528
<b>Total expenditure</b>		<b>1,809,741</b>	<b>5,614,399</b>	<b>7,424,140</b>	<b>1,771,807</b>	<b>8,967,095</b>	<b>10,738,902</b>
<b>Net (expenditure) income and net movement in funds</b>	6	<b>(102,385)</b>	<b>227,722</b>	<b>125,337</b>	<b>17,831</b>	<b>(865,733)</b>	<b>(847,902)</b>
<b>Fund balances brought forward at 1 October</b>		<b>1,100,556</b>	<b>7,061,934</b>	<b>8,162,490</b>	<b>1,082,725</b>	<b>7,927,667</b>	<b>9,010,392</b>
<b>Fund balances carried forward at 30 September</b>		<b>998,171</b>	<b>7,289,656</b>	<b>8,287,827</b>	<b>1,100,556</b>	<b>7,061,934</b>	<b>8,162,490</b>

All movements derive from continuing activities during the above two financial periods.

The charity has no other recognised gains and losses and therefore no separate statement of total recognised gains and losses has been presented.

Balance sheet As at 30 September 2019

	Notes	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Tangible assets	11		-		1,419
<b>Current assets</b>					
Debtors	12	403,799		768,497	
Short term deposits		12,450,228		15,083,360	
Cash at bank and in hand		5,163,249		5,656,486	
		<u>18,017,276</u>		<u>21,508,343</u>	
Creditors: amounts falling due within one year	13	<u>(8,196,097)</u>		<u>(10,784,240)</u>	
<b>Net current assets</b>			<b>9,821,179</b>		<b>10,724,103</b>
Creditors: amounts falling due over one year	14		<u>(1,533,352)</u>		<u>(2,563,032)</u>
<b>Total net assets</b>			<b><u>8,287,827</u></b>		<b><u>8,162,490</u></b>
<b>The funds of the charity:</b>					
<b>Funds and reserves</b>					
Unrestricted funds					
. General		935,205		1,033,219	
. Designated	16	<u>62,966</u>		<u>67,337</u>	
			<b>998,171</b>		<b>1,100,556</b>
Restricted funds	17		<u>7,289,656</u>		<u>7,061,934</u>
	18		<u>8,287,827</u>		<u>8,162,490</u>

Approved by the trustees of People's Health Trust, Company Registration No. 06492606, and signed on their behalf by:



S. Cohen  
Chair and Trustee

Date: 28 April 2020

Statement of cash flows As at 30 September 2019

	Notes	2019 £	2018 £
<b>Cash flows used in operating activities:</b>			
Net cash used in operating activities	A	(3,303,241)	(4,223,157)
<b>Cash flows from investing activities:</b>			
Investment income		176,872	260,790
Net cash from investing activities		176,872	260,790
Change in cash and cash equivalents in the year		(3,126,369)	(3,962,367)
Cash and cash equivalents at 1 October	B	20,739,846	24,702,213
Cash and cash equivalents at 30 September	B	17,613,477	20,739,846

Notes to the statement of cash flows for the year to 30 September:

**A Reconciliation of net income (expenditure) to net cash flow from operating activities**

	2019 £	2018 £
Net movement in funds (as per the statement of financial activities)	125,337	(847,902)
<b>Adjustments for:</b>		
Depreciation charge	1,419	3,542
Investment income	(176,872)	(260,790)
Decrease (increase) in debtors	364,698	(159,216)
(Decrease) in creditors	(3,617,823)	(2,958,791)
Net cash used in operating activities	(3,303,241)	(4,223,157)

**B Analysis of cash and cash equivalents**

	2019 £	2018 £
Cash at bank and in hand	5,163,249	5,656,486
Short term deposits	12,450,228	15,083,360
Total cash and cash equivalents	17,613,477	20,739,846

## Principal accounting policies Year to 30 September 2019

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

### **Basis of preparation and accounting policies**

These financial statements have been prepared for the year to 30 September 2019 and are presented in sterling and are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

### **Critical accounting estimates and areas of judgement**

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the allocation of support costs across expenditure categories; and
- ◆ estimating the useful economic life of tangible fixed assets.

In addition to the above, the full impact following the recent emergence of the global coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the charity's beneficiaries, funding, suppliers and the wider economy.

### **Assessment of going concern**

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect of a period of one year from the date of approval of these financial statements. In making this decision, the trustees have taken into consideration the risks and uncertainties arising from the Coronavirus pandemic (as highlighted on page 20).

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above.

## Principal accounting policies Year to 30 September 2019

### Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount can be measured reliably and it is probable that the income will be received.

Income is the amount derived from ordinary activities and comprises donations from local society lotteries and interest receivable.

Income from each of the CICs is recognised on the day the individual society lottery draw takes place.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably; this is normally upon notification of the interest paid or payable by the bank.

### Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer or economic benefits will be received in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and is stated inclusive of irrecoverable VAT as the Trust is not registered for VAT.

The costs of charitable activities comprise grants made, direct costs and an apportionment of support costs based on time estimated on each activity. Support and direct costs include governance costs which comprise of all costs involving public accountability of the Trust and its compliance with regulation and good practice.

Supporting greater health equity costs include:

- ◆ Grants payable which are included in the statement of financial activities when approved by the trustees and when the intended recipient has been informed of the decision to make the grants and has satisfied all relevant and due terms and conditions.
- ◆ Evaluation costs of our grant programmes.
- ◆ Support costs which are allocated to charitable activities according to the amount of time staff spend within each charitable activity.

Awareness and communication costs, include mainly staff costs and various communications costs relating to raising the awareness of the Trust's brand, funded projects and the Health inequality agenda.

## Principal accounting policies Year to 30 September 2019

### Tangible fixed assets

All assets costing more than £3,000 and with an expected useful economic life exceeding one year are capitalised.

Tangible fixed assets are not depreciated until they are brought into use. They are capitalised and depreciated at the following rates in order to write them off over their estimated useful lives:

- ◆ IT & Office Equipment                      33% per annum based on cost.

### Short-term deposits

Short-term deposits comprise monies held in high earning fixed term deposits, and notice accounts with banks and building societies registered in the United Kingdom.

### Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

### Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

### Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

### Fund accounting

Unrestricted general funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's objects. Within the total unrestricted funds of the charity, the trustees have designated amounts for specific purposes.

Restricted funds comprise monies raised for, or where their use is restricted to, a specific purpose, or contributions subject to donor imposed conditions.

### Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

## Principal accounting policies Year to 30 September 2019

### **Pension costs**

The Trust operates a defined contribution group personal pension scheme for employees. Annual contributions by the Trust in respect of the group personal pension scheme available to staff members are charged to the statement of financial activities in the period in which they are payable. Employer pension contributions of 6% are made for all employees in the pension scheme.

### **Related party transactions**

All transactions with related parties are disclosed in the notes to the financial statements. The Trust's policy is for trustees, executives and advisers to declare their interest and exempt themselves from all relevant discussions and decisions which may involve a transaction with a related party or in which they may have a conflict of interest.

### **Financial Instruments**

The Trust only holds basic financial instruments as defined by FRS102. The financial assets and liabilities of the Trust are as follows:

Financial assets - donations due and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Accrued income and prepayments are not financial instruments.

Cash at bank and short term deposits are classified as basic financial instruments and measured at face value.

Financial liabilities - trade creditors, grants payable, accruals and other creditors are financial instruments and are measured at amortised cost. Social security and other taxes are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability as the cash settlement has already taken place and there is no obligation to deliver services rather than cash or another financial instrument.

Notes to the financial statements Year to 30 September 2019

1 Donations

	Unrestricted funds £	Restricted funds £	2019 Total funds £
Donations from Society Lotteries	1,518,504	5,842,121	7,360,625
<b>2019 Total funds</b>	<b>1,518,504</b>	<b>5,842,121</b>	<b>7,360,625</b>

  

	Unrestricted funds £	Restricted funds £	2018 Total funds £
Donations from Society Lotteries	1,518,504	8,101,362	9,619,866
<b>2018 Total funds</b>	<b>1,518,504</b>	<b>8,101,362</b>	<b>9,619,866</b>

2 Investments

	2019 Total funds Unrestricted funds £	2018 Total funds Unrestricted funds £
Interest from deposits	188,852	271,134
	<b>188,852</b>	<b>271,134</b>

3 Charitable activities

	Unrestricted funds		Restricted funds	2019 Total funds £
	Direct costs (note 4) £	Support costs (note 5) £	Evaluation & Grant funding £	
Supporting greater health equity	865,149	555,942	5,614,399	7,035,490
Awareness and communications	290,543	98,107	-	388,650
<b>2019 Total funds</b>	<b>1,155,692</b>	<b>654,049</b>	<b>5,614,399</b>	<b>7,424,140</b>

  

	Unrestricted funds		Restricted funds	2018 Total funds £
	Direct costs (note 4) £	Support costs (note 5) £	Evaluation & Grant funding £	
Supporting greater health equity	857,572	525,707	8,967,095	10,350,374
Awareness and communications	295,756	92,772	-	388,528
<b>2018 Total funds</b>	<b>1,153,328</b>	<b>618,479</b>	<b>8,967,095</b>	<b>10,738,902</b>

Notes to the financial statements Year to 30 September 2019

3 Charitable activities (continued)

Included within direct and support costs are governance costs. Governance costs are charged to supporting greater health equity and are as follows:

	2019 £	2018 £
Auditor's remuneration (note 6)		
Current Year	14,820	14,460
(Over) underprovision from previous years	(360)	1,004
Trustees' meetings and expenses	9,275	8,882
Legal and professional fees	15,673	6,731
Direct costs (note 4)	39,408	31,077
Support costs (note 5)	32,702	30,924
<b>2019 Total funds</b>	<b>72,110</b>	<b>62,001</b>

4 Direct costs

	Supporting greater health equity		Awareness and communic- ation (note 3) £	2019 Total funds £
	Other costs (note 3) £	Governance (note 3) £		
Staff costs	757,008	-	213,515	970,523
Consultancy	14,287	-	-	14,287
Travel and accommodation costs	17,591	9,275	3,377	30,243
Office costs	32,892	14,460	374	47,726
Other costs	3,963	-	73,277	77,240
Professional fees	-	15,673	-	15,673
	<b>825,741</b>	<b>39,408</b>	<b>290,543</b>	<b>1,155,692</b>

	Supporting greater health equity		Awareness and communic- ation (note 3) £	2018 Total funds £
	Other costs (note 3) £	Governance (note 3) £		
Staff costs	756,620	-	213,406	970,026
Consultancy	24,770	-	-	24,770
Travel and accommodation costs	12,310	8,882	1,030	22,222
Office costs	30,630	-	1,178	31,808
Other costs	2,165	-	80,142	82,307
Professional fees	-	22,195	-	22,195
	<b>826,495</b>	<b>31,077</b>	<b>295,756</b>	<b>1,153,328</b>

Notes to the financial statements Year to 30 September 2019

5 Support costs

	Supporting greater health equity		Awareness and communication (note 3) £	2019 Total funds £
	Other costs (note 3) £	Governance (note 3) £		
Staff costs	245,185	15,324	45,972	306,481
Premises, technology and other costs	278,055	17,378	52,135	347,568
	<b>523,240</b>	<b>32,702</b>	<b>98,107</b>	<b>654,049</b>

	Supporting greater health equity		Awareness and communication (note 3) £	2018 Total funds £
	Other costs (note 3) £	Governance (note 3) £		
Staff costs	245,059	15,316	45,949	306,324
Premises, technology and other costs	249,724	15,608	46,823	312,155
	<b>494,783</b>	<b>30,924</b>	<b>92,772</b>	<b>618,479</b>

Support costs where not directly attributed are allocated against expenditure categories based on an estimate of time spent by staff on relevant activities.

6 Net income (expenditure)

This is stated after charging:

	2019 Total funds £	2018 Total funds £
Operating lease charges	224,414	228,000
Auditor's remuneration		
• Audit - current year	14,820	14,460
• Audit - prior year (over) under provision	(360)	1,004
• Other fees payable to Buzzacott Financial Services Limited and Buzzacott Computer Services Limited, subsidiaries of Buzzacott LLP (the charity's auditors for the period)	32,526	29,747
	<b>271,399</b>	<b>273,211</b>

## Notes to the financial statements Year to 30 September 2019

### 7 Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	1,007,454	996,197
Social security costs	105,918	103,406
Pension costs	64,867	63,271
	<u>1,178,239</u>	<u>1,162,874</u>
Temporary staff and contractor costs	98,766	113,476
	<u>1,277,005</u>	<u>1,276,350</u>

The average number of employees during the year, excluding temporary staff and contractors, analysed by function, was as follows:

	2019 No.	2018 No.
Charitable activities	20	21
Support services	4	4
Total number of employees	<u>24</u>	<u>25</u>

The number of employees who earned £60,000 or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2019 No.	2018 No.
£70,000 - £80,000	2	2
£100,000 - £110,000	1	1

All employees are members of the Trust's pension scheme. During the year ended 30 September 2019, pension contributions for those staff amounted to £64,867 (2018 - £63,271). The higher paid employees were not entitled to any taxable benefits during the year.

The key management personnel include the Leadership Team which comprises the chief executive and three directors and board members. Trustees are not remunerated for their role as trustees. The key management personnel's total remuneration including pensions and social security for the year is outlined as follows:

	2019 £	2018 £
Total remuneration	<u>363,930</u>	<u>343,949</u>

The key management personnel costs include costs for one contractor (2018 - one contractor) who was working in capacity as a member of the Leadership Team in both the current and the previous year.

## Notes to the financial statements Year to 30 September 2019

### 8 Trustees' remuneration, expenses and insurance

None of the trustees received any remuneration in respect of services provided during the year (2018 - none).

Three trustees (2018 - four) were directly reimbursed a total of £2,117 (2018 - £2,027) for travel, accommodation and subsistence expenses incurred during the course of their duties on behalf of the charity. The Trust has one trustee each in Scotland and Wales.

Trustees are encouraged to visit grant funded programmes, with the costs of such trips being met by the charity.

The charity also purchased insurance to protect it from any loss arising from the neglect or defaults of its trustees, employees and agents and to indemnify the trustees or other officers against the consequences of any neglect or default on their part. The insurance premium paid by the charity during the year totalled £4,893 (2018 - £4,576) and provides cover of up to a maximum of £5 million.

### 9 Other related party transactions

There were no related party transactions in the year or in the previous year.

### 10 Taxation

The People's Health Trust is a registered charity and, therefore, is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

### 11 Tangible fixed assets

	IT & office equipment £
<b>Cost</b>	
At 1 October 2018	59,885
Additions	-
At 30 September 2019	<u>59,885</u>
<b>Depreciation</b>	
At 1 October 2018	58,466
Charge for year	1,419
At 30 September 2019	<u>59,885</u>
<b>Net book values</b>	
At 30 September 2019	-
At 30 September 2018	<u>1,419</u>

Notes to the financial statements Year to 30 September 2019

**12 Debtors**

	2019 Total funds £	2018 Total funds £
Donations from society lotteries	235,994	623,664
Other debtors and accrued income	167,805	144,833
	<b>403,799</b>	<b>768,497</b>

**13 Creditors: amounts falling due within one year**

	2019 Total funds £	2018 Total funds £
Trade creditors	39,160	26,185
Grants payable (note 15)	8,021,141	10,643,702
Accruals and other creditors	96,537	77,807
Social security and other taxes	39,259	36,546
	<b>8,196,097</b>	<b>10,784,240</b>

**14 Creditors: amounts falling due after one year**

	2019 Total Funds £	2018 Total funds £
Grants payable (note 15)	1,533,352	2,563,032

**15 Grants payable reconciliation**

	2019 £	2018 £
Grants payable at 1 October	13,206,734	16,154,200
Committed grants made in the year	5,614,399	8,967,095
Grants paid in the year	<b>(9,266,640)</b>	<b>(11,914,561)</b>
Grants payable at 30 September	<b>9,554,493</b>	<b>13,206,734</b>
<b>Shown within</b>		
Creditors due within one year (note 13)	8,021,141	10,643,702
Creditors due after one year (note 14)	1,533,352	2,563,032
	<b>9,554,493</b>	<b>13,206,734</b>

Notes to the financial statements Year to 30 September 2019

16 Designated funds

	At 1 October 2018 £	Utilised/ released £	At 30 September 2019 £
Tangible fixed assets - net book value (note 11)	1,419	(1,419)	-
Grant making software	30,000	-	30,000
Network Events	25,259	(2,555)	22,704
IT Project Manager	709	(709)	-
Change Project	9,184	1,078	10,262
Learning & Development	766	(766)	-
	<u>67,337</u>	<u>(4,371)</u>	<u>62,966</u>

	At 1 October 2018 £	Utilised/ released £	At 30 September 2018 £
<i>Tangible fixed assets - net book value (note 11)</i>	4,961	(3,542)	1,419
<i>Grant making software</i>	30,000	-	30,000
<i>Network Events</i>	37,000	(11,741)	25,259
<i>IT Project Manager</i>	15,000	(14,291)	709
<i>Change Project</i>	15,000	(5,816)	9,184
<i>Learning &amp; Development</i>	7,500	(6,734)	766
	<u>109,461</u>	<u>(42,124)</u>	<u>67,337</u>

The tangible fixed assets fund represents:

- ◆ The net book value of the charity's tangible fixed assets at 30 September 2019 to recognise the fact that the assets are required for the day-to-day operation of the Trust and are not available for other purposes or as a general reserve.

Grant making software represents:

- ◆ Future costs expected to be incurred in relation to the updating of grant making software and project consultancy on a review of grant programmes.

Network Events represents:

- ◆ Future costs expected to be incurred in relation to networking events across the Active Communities programmes.

IT Project Manager represents:

- ◆ This fund, which was in relation to specialist consultancy to oversee IT reviews including networks and software implementation, was fully utilised in the year.

## Notes to the financial statements Year to 30 September 2019

### 16 Designated funds (continued)

Change Project represents:

- ◆ Future costs expected to be incurred in relation to resource support for the change programme approved in September 2015. This programme is designed to support cross-team working and a review of the Active Communities programme.

Learning and Development:

- ◆ This fund was fully expended by the year end and was for the development of an online portal to support networking between the Trust and its grant recipients.

### 17 Restricted funds

	At 1 October 2018 £	Income £	Expenditure £	At 30 September 2019 £
Geographical area funds	7,061,934	5,842,121	(5,614,399)	7,289,656
	<u>7,061,934</u>	<u>5,842,121</u>	<u>(5,614,399)</u>	<u>7,289,656</u>

	At 1 October 2017 £	Income £	Expenditure £	At 30 September 2018 £
Geographical area funds	7,927,667	8,101,362	(8,967,095)	7,061,934
	<u>7,927,667</u>	<u>8,101,362</u>	<u>(8,967,095)</u>	<u>7,061,934</u>

#### Geographical area funds

Funds arise from donations by 12 separate community interest companies (2018 - 51), each of which donates good causes monies raised through individual society lotteries. During the previous year the 51 CISs consolidated to 12 regional entities, however the remaining restricted funds arising from the previous 51 restricted funds are still present until their fund are fully expended. Each CIC focuses upon a specific community of geographical interest and each fund is restricted for use (after reasonable administration charges) for onward donation to charities and community groups within that CICs area for the purpose of supporting greater health equality.

At 30 September 2019, of the 62 (2018 - 62) restricted funds for the separate CICs, none had funds in deficit (2018 - none).

Of the geographical area funds balance of £7,289,656 at 30 September 2019 (2018 - £7,061,934), the following amounts were allocated for specific grant programmes as follows:

- ◆ £25,000 to Living Wage;
- ◆ £300,000 allocated for evaluation work;
- ◆ £100,000 allocated for Capacity development work.

## Notes to the financial statements Year to 30 September 2019

### 18 Analysis of net assets between funds

	General fund £	Designated funds £	Restricted funds £	Total £
<b>Fund balances at 30 September 2019 are represented by:</b>				
Net current assets	935,205	62,966	8,823,008	<b>9,821,179</b>
Creditors due more than one year	-	-	(1,533,352)	<b>(1,533,352)</b>
<b>Total net assets</b>	<b>935,205</b>	<b>62,966</b>	<b>7,289,656</b>	<b>8,287,827</b>
	General fund £	Designated funds £	Restricted funds £	Total £
<i>Fund balances at 30 September 2018 are represented by:</i>				
<i>Tangible fixed assets</i>	-	1,419	-	1,419
<i>Net current assets</i>	1,033,219	65,918	9,624,966	10,724,103
<i>Creditors due more than one year</i>	-	-	(2,563,032)	(2,563,032)
<b>Total net assets</b>	<b>1,033,219</b>	<b>67,337</b>	<b>7,061,934</b>	<b>8,162,490</b>

### 19 Operating lease commitments

At 30 September 2019, the charity had total commitments under non-cancellable operating leases payable as follows:

	Land and Buildings	
	2019 Total funds £	2018 Total funds £
Within 1 year	<b>196,650</b>	190,000

The operating leases relate to the rental of office premises.

### 20 Post Balance Sheet Events

Since the year end, the worldwide outbreak of the coronavirus pandemic (Covid-19) has caused extensive disruptions to organisations globally with major implications for operations as well finances. The trustees acknowledge and recognise the impact of the Covid-19 pandemic on the operations of the charity, its beneficiaries, partners, stakeholders and on the wider society, and through the staff Leadership Team, they have ensured that both resources and processes are in place to mitigate any disruption to the Trust. As a result the impact of Covid-19 pandemic does not warrant any adjustments to these financial statements.