



## Annual Report and Accounts

Year ended 31 March 2017

# The Nationwide Foundation's trustees' report for the year ending 31 March 2017

## Summary of the year

2016/17 was a year of significant review, reflection and re-focus for the Nationwide Foundation, as it undertook a strategic review to decide what and how it would fund in the future. This involved evaluating the work of the previous three years and looking at how to maximise the impact it could make going forward.

The trustees decided to continue making a difference in housing, a space that the Nationwide Foundation wants to live in, not just visit. The work delivered as part of the Decent Affordable Homes strategy between 2013-2016 became known as phase one. The revised approach – Phase Two – got underway in 2016/17. This Annual Report explains the Nationwide Foundation's work in both phases: the outgoing phase one and the incoming phase two.

## Charitable objects

Established in 1997, the Nationwide Foundation is a registered charity supported by, but independent of, Nationwide Building Society. The Nationwide Foundation was established with the objects:

*“To promote such purposes being exclusively charitable according to the law of England and Wales as the trustees shall from time to time determine. In carrying out the objects the Foundation may make and receive donations.”*

## Public benefit

Having somewhere safe and secure to live is a basic human right, yet the lack of decent, affordable housing is one of the most pressing social problems facing the UK today, causing harm, not only to individuals and families, but also to communities and society.

The UK is facing a long-term housing crisis: home-ownership is increasingly unaffordable; there is a severe shortage of social housing; and options in the private rented sector are often unaffordable, insecure and poor quality. The high cost of housing in many areas is a direct cause of poverty, with poor housing exacerbating the impact of poverty<sup>1</sup>. The Nationwide Foundation's trustees understand that the conditions, stability and cost of housing have far-reaching impacts on the quality of people's lives, and that people who are vulnerable are most deeply affected by the damaging impacts of poor housing, while at the same time, are often the people least able to improve their situations.

The Nationwide Foundation's Decent Affordable Homes strategy aims to tackle the root cause of those negative impacts, by creating the conditions for good quality, stable and affordable housing that is available to those in need. The Nationwide Foundation's trustees refer to the Charity Commission's guidance on public benefit when reviewing the Nationwide Foundation's aims and objectives, in planning future activities, setting grant-making policy and making funding decisions.

## Grant-making policy

The Nationwide Foundation has a heritage of being an open, supportive and forward-thinking funder. The Nationwide Foundation's trustees and staff are committed to robust, transparent governance and are passionate about acting with integrity. These values underpin the Nationwide Foundation's grant-making policy, summarised below.

The trustees of the Nationwide Foundation are committed to:

- ensuring that the Nationwide Foundation's funds are deployed for maximum benefit
- developing its funding programmes, following strategic reviews and incorporating research and learning

The Nationwide Foundation:

- seeks to fund work that addresses the root causes of social issues
- identifies specific funding criteria to make best use of the funds available: this is based on research, evaluations of previous work and stakeholder engagement
- awards funding to organisations based in and delivering work in the UK

The Nationwide Foundation is a Living Wage Friendly Funder and is committed to ensuring that fair wages are paid, as an obvious and simple way of tackling poverty and disadvantage.

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<sup>1</sup> The Links Between Housing and Poverty, Rebecca Tunstall et al, Joseph Rowntree Foundation, 2013

# Phase One (2013-16) Strategic Objectives

The Nationwide Foundation's funding strategy Decent Affordable Homes Phase One ran from 2013-16.

## Decent Affordable Homes Phase One

<b>Vision</b>	Everyone in the UK has access to a decent home that they can afford		
<b>Aim</b>	To create decent, affordable housing for people in need		
<b>Objectives</b>	To create conditions which increase the number of decent, affordable homes and to break down the barriers to the creation of those conditions		
<b>Outcomes</b>	Empty properties are brought into use as homes for people in need	The living conditions of vulnerable private tenants in the private rented sector (PRS) improves	Alternative housing models with the potential to scale provide more affordable homes and their value is recognised by other funders, lenders or government
<b>Outputs (activities)</b>	<p>Make grants and programme related (social) investments to organisations bringing empty properties into use for people in need.</p> <p>Raise awareness among policymakers and funders of the benefits of bringing empty properties into use for people in need.</p>	<p>Make grants and programme related (social) investments to causes which:</p> <ul style="list-style-type: none"> <li>- raise awareness of the need to improve the living conditions of vulnerable tenants in the PRS.</li> <li>- help vulnerable tenants in PRS homes to improve their living conditions on a national, regional or local scale.</li> <li>- increase the number of affordable decent PRS homes which provide more favourable living conditions to vulnerable tenants.</li> </ul>	<p>Make grants and programme related (social) investments towards new affordable housing models, which are evaluated and the benefits evidenced.</p> <p>Raise awareness among funders, lenders and government on the benefits of new housing models.</p>
<b>Added Value</b>	<p>Work closely with grant recipients to identify ways to help build their resilience and to deliver greater social outcomes. Where appropriate, small grants are awarded to help achieve this.</p> <p>Play an active role in influencing change that will achieve the outcomes by:</p> <ul style="list-style-type: none"> <li>· <b>championing</b> ideas that will create more affordable homes</li> <li>· <b>connecting and convening</b> those who have knowledge with those who have power to create change</li> <li>· <b>funding</b> work that has the potential to influence positive change</li> </ul>		

# Phase One (2013-16)

## Activities and Achievements

During 2016/17 the Nationwide Foundation continued to carry out activities to achieve the outcomes of Decent Affordable Homes Phase One.

The Nationwide Foundation also received the completed independent evaluation of Decent Affordable Homes Phase One, carried out by the Institute of Voluntary Action Research (IVAR) during 2015/16.

### Outcome: Long-term empty properties are brought into use as homes for people in need

No new funding was awarded during 2016/17. Fifteen organisations were awarded multi-year grants for empty properties projects between 2013-16. Ten of those projects were still active in 2016/17, with one - Highlands Small Communities Housing Trust – reaching completion. During the year, the 10 projects collectively:

- Completed the renovation of 16 homes from empty properties
- Provided decent, affordable homes for 25 people in need
- Provided training, work experience or qualifications to 86 people

Since 2013, the Nationwide Foundation's empty properties funding has contributed to a total of 72 homes providing housing for 161 people who were at risk of homelessness or were living in poor quality housing. Those helped have included young care-leavers, people escaping domestic abuse and people living in overcrowded or unsafe homes.

Of the remaining nine live grants, the Nationwide Foundation expects that a further 64 homes will be created for 92 people in need, as well as providing training, work experience or qualifications for over 100 people.



In April 2016, the Nationwide Foundation won the award for Best Corporate Foundation at the 2016 Third Sector Business Charity Awards. The Nationwide Foundation was commended for its approach to funding community groups bringing empty properties back into use.

The independent evaluation concluded that the Nationwide Foundation's work to achieve this outcome had:

- Supported small organisations to develop a strong asset base
- Engaged with other funders and helped to leverage an increase in funds for empty properties work
- Significantly extended the impact of the funding by aligning with the Department for Communities and Local Government's Empty Homes Community Grants Programme.

### Outcome: The living conditions of vulnerable tenants in private rented sectors homes improves

No new funding was awarded during 2016/17. Two organisations were awarded multi-year grants for private rented sector projects between 2013-16. One project was active in 2016/17.



In 2016/17, **Age UK London** continued its work to understand and raise awareness of the needs of older private rented sector tenants in London and to find solutions to the problems they face. In January 2017, Age UK London published a report revealing that older private sector tenants in London need longer, more secure tenancies. The report showed that there are 146,000 households renting privately in London where at least one person is aged over 50, and projections suggest this number will rise. To communicate these findings to key stakeholders, Age UK London held a conference targeted at the London Assembly and London Councils.

The independent evaluation concluded that the Nationwide Foundation's work to achieve this outcome had:

- Raised the profile of conditions in the sector
- Taken first steps towards policy change
- Developed a distinct voice for private tenants to improve security, safety and affordability.

## Phase One (2013-16)

### Activities and Achievements continued

Outcome: Alternative housing models with the potential to scale, provide more affordable homes and their value is recognised by other funders, lenders or government

One organisation was awarded new funding in 2016/17. Fifteen organisations were awarded multi-year grants for alternative models of housing projects between 2013-16. Ten of those projects were still active in 2016/17.



The new funding was awarded to **Wales Co-operative Centre**, which received a grant of £130,000 to increase the number of housing co-operatives providing affordable homes in Wales. This followed the success of a previous grant awarded in 2014. The new funding will provide specialist consultancy support to create business cases and develop financial modelling for 40 pioneer co-operative housing projects, with an aim to create 100 affordable homes.

Some key achievements from the other projects that continued with live grants in 2016/17 were:

- **Building and Social Housing Fund (BSHF)** coordinated the **community-led housing alliance**, which is helping the sector focus on scaling up and scaling out. As part of this, the alliance provided technical details to the Department of Communities and Local Government, which informed the development of the department's Community Housing Fund (providing £60m p.a. for community-led housing). The alliance supported the National Community Land Trust Network to coordinate the APPG on Housing and Planning's National Housing Taskforce workstream on New Sources of Supply, which set out how national and local government can nurture the sector.
- **Empty Homes Agency** launched a report about the creation of affordable homes from empty commercial spaces. The research found that structural issues rarely created a major impediment to conversion to housing. The research was launched in July 2016 at a parliamentary reception with MPs and local councils in attendance.
- **Locality** selected 22 early-stage affordable community-led housing projects to receive tailor-made business support and grants. The projects are in deprived urban areas in England facing homelessness and affordability issues.
- **Rural Action Yorkshire** continued its funded work which supports the development of 12 community-led housing projects and created resources to help other organisations take forward community-led housing.

The independent evaluation concluded that the Nationwide Foundation's work to achieve this outcome had:

- Made a distinctive contribution in funding the exploration and development of new ideas
- Been unusual in being prepared to fund projects that faced obstacles or uncertain outcomes.

## Phase Two (2016 onwards) Strategy Development

During 2016/17, the Nationwide Foundation completed a strategic review, pulling together learning from the independent evaluation of Decent Affordable Homes Phase One, the views of key stakeholders, and its own sense of its success, strengths and opportunities.

The trustees affirmed their commitment to tackling the lack of decent affordable housing, as there was still a clear need to address housing issues for people in need, plus the evaluation concluded that the Decent Affordable Homes strategy was making good progress. Trustees were satisfied that the vision for everyone in the UK to have access to a decent home that they can afford should remain unchanged.

Trustees recognised that to effectively contribute to the changes needed to improve people’s lives, sustained effort was vital and a decision was made to live in rather than just visit this area of social need. The Nationwide Foundation made a long-term, ten-year commitment to housing and agreed the shape of Decent Affordable Homes Phase Two.

Decent Affordable Homes Phase Two	
<b>Our vision is</b>	for everyone in the UK to have access to a decent affordable home that they can afford
<b>Our aim is</b>	to increase the availability of decent, affordable homes for people in need
<b>Our charitable focus is</b>	on solutions that reach people who are, or are at risk of being, in need
<b>Our commitment is</b>	Long term (10 years)
<b>Our strategic approach is</b>	to influence changes to the housing system by supporting, testing and evidencing solutions for increasing the availability of decent, affordable homes for people in need
<b>To do this we will</b>	use all of our resources to <ul style="list-style-type: none"> <li>• support new ideas for solutions</li> <li>• support practical experience to learn what works on the ground</li> <li>• connect those with knowledge to those with power to make change happen at scale</li> <li>• collaborate and engage with others</li> </ul>

The learning from Decent Affordable Homes Phase One led the trustees to identify three programmes under which the Foundation would fund work and provide support to achieve three outcomes.

Our programmes are	Nurturing Ideas to Change the Housing System	Backing Community-Led Housing	Transforming the Private Rented Sector
<b>The change we want to see (our outcome)</b>	Ideas for protecting and creating decent, affordable homes flourish and result in changes that lead to an increased number of homes for people in need	Community-led housing delivers an increased number of homes for people in need	The private rented sector provides homes for people in need, which are more affordable, secure, accessible and better quality

In 2016, the Nationwide Foundation launched its funding strategy: Decent Affordable Homes Phase Two. The programmes and the funding priorities for the first three years were agreed and delivery plans for each priority were developed. The programmes and priorities will be reviewed regularly by the trustees and adjusted if required.

## Phase Two

### Activities and Achievements

<p><b>Nurturing Ideas to Change the Housing System</b></p> <p>This programme enables the Nationwide Foundation to back promising ideas, allowing them to be trialled and tested, and then help them move into action and ultimately widespread implementation.</p>
<p>A total of £498,926 was awarded to four organisations under this programme during 2016/17:</p> <ul style="list-style-type: none"> <li>• <b>£84,990 to Town and Country Planning Association</b> - influencing the way that councils are tackling the affordability crisis by helping them make the most of opportunities. A final report will capture five different models and will suggest which ones have the greatest potential to deliver genuinely affordable homes.</li> <li>• <b>£40,100 to the Smith Institute</b> - profiling the development of Local Housing Companies<sup>2</sup> (LHC). Research will examine the capacity and capability of LHCs to be alternative providers of new affordable housing at scale. The research will also seek to inform and shape future policy.</li> <li>• <b>£253,836* to the Young Foundation</b> - delivering support to 30 affordable private rented sector housing innovations through mentoring, financial coaching and access to potential investors and funders.</li> <li>• <b>£120,000* to West Kensington &amp; Gibbs Green Community Homes Ltd</b> - reducing the barriers faced by community groups as they seek to protect existing homes by taking ownership of them, and enabling new affordable homes to be built.</li> </ul>
<p><b>Backing Community-Led Housing</b></p> <p>This programme will strengthen, support and champion the growth of community-led housing. Focussing on strengthening the infrastructure of the sector and increasing the availability of funding and financing.</p>
<p>A total of £434,513 was awarded to two organisations under this programme during 2016/17:</p> <ul style="list-style-type: none"> <li>• <b>£350,923* to National Custom and Self Build Association</b> – for an expert taskforce to create the conditions for, and enable the growth of, affordable self-build housing schemes. The taskforce will directly support up to 80 organisations as they deliver significantly more affordable self-build and community-led homes across the UK.</li> <li>• <b>£83,590 to New Economics Foundation</b> - exploring how to overcome the lack of access to affordable land and to produce resources to help overcome some of the key barriers to increasing the supply of community controlled affordable housing.</li> </ul> <p>In addition, the Nationwide Foundation has convened a group of funders, all of whom are working in the community-led housing space. The purpose of this forum is to maximise opportunities, share learning, leverage funding, avoid duplication and connect aligned work.</p>
<p><b>Transforming the Private Rented Sector</b></p> <p>This programme will ensure that there is more robust evidence about the solutions to address the issues of cost, quality, security and access in the private rented sector. This knowledge will be used to inform policy and practice at national, devolved and regional level.</p>
<p>One organisation was awarded a grant under this programme in 2016/17:</p> <ul style="list-style-type: none"> <li>• <b>£201,971 to Centre for Housing Policy at the University of York</b> to conduct two pieces of work. These are:</li> </ul> <ol style="list-style-type: none"> <li>1. an in-depth and independent review of the current state of the private rented sector in England. The review will establish whether the sector responds adequately to the needs of its various tenants. It will particularly focus on: <ul style="list-style-type: none"> <li>• a comprehensive analysis of the ‘state of play’</li> <li>• an assessment of the policy interventions currently impacting on the sector</li> <li>• proposing policy options which could contribute to more effective operation</li> </ul> </li> <li>2. a separate piece of research to be carried out by the same academic team to assess the extent that the private rented sector meets the housing needs of vulnerable tenants. This will be published alongside the review in summer 2018.</li> </ol>

The amounts specified here represent the total financial commitment to each organisation including multi-year awards (those with an \*) which have conditions for the release of funds in future years. Grants are charged to the Statement of Financial Activities when an unconditional commitment has been made. Grants with conditions are pledged and provided for in the designated fund.

<sup>2</sup> A Local Housing Company (LHC) is a form of joint venture between a local authority and a private sector partner. A LHC can strengthen a council's position at the heart of house building in their area, create opportunities for investors and development partners and help house builders share the risks involved in development.

# Future plans

## Organisational structure

To continue to deliver Decent Affordable Homes Phase Two, the Nationwide Foundation will build its team and strengthen its expertise through the recruitment of two new programme managers and a permanent head of programmes.

## Programmes and grant-making activities

### Nurturing Ideas to Change the Housing System

The success of Nurturing Ideas to Change the Housing System relies on the Nationwide Foundation developing strong contacts and an excellent reputation as a funder and change-maker in this space. During 2017, applications will be welcomed for proposals of work to be funded and the Nationwide Foundation will be building its networks and contacts with a wide-range of groups.

### Backing Community-Led Housing

The Nationwide Foundation will launch an open grants programme in 2017, concentrating on developing and strengthening the infrastructure which enables the community-led housing sector to build new homes and bring empty properties into use as homes.

In addition, the Nationwide Foundation will continue its role as a convenor of funders and lenders interested in the community-led housing sector.

### Transforming the Private Rented Sector

The Nationwide Foundation will begin working with a metro mayor region - most likely Greater Manchester - to fund and implement a place-based programme. This collaborative approach will be tenant-led and will provide an opportunity for the Nationwide Foundation to test solutions. The Nationwide Foundation believes there is the potential to significantly influence housing policy and practice in devolved regions.

Alongside this place-based approach, the Nationwide Foundation will be monitoring and supporting the work of the Centre for Housing Policy at the University of York as it carries out its seminal review of the private rented sector.

## Influencing

To effectively influence the changes the trustees want to see, the Nationwide Foundation intends to increase its presence within the affordable housing sector. Using the knowledge gained from funded projects, the Nationwide Foundation will champion key messages and activities, in collaboration with other stakeholders, to inform policy and practice so that more decent, affordable homes are made available to those in need.

## Evaluation

As part of the Nationwide Foundation's commitment to high-quality learning, a monitoring and evaluation framework will be developed.

## The look and feel of the Nationwide Foundation

In 2017 the Nationwide Foundation will finalise a new look and feel including updating the logo and a major overhaul of the website.

## Structure, Governance & Management

### Governance

The Nationwide Foundation:

- Is a company limited by guarantee (no. 3451979) and a registered charity (no. 1065552) which operates in accordance with its Articles of Association and Revised Memorandum.
- Is governed by a board of ten trustees which sets the policies and strategy of the Foundation and approves large grants.
- Has three trustees who are appointed by Nationwide Building Society and seven who are appointed by the board, following open advertisement and interview.
- Appoints trustees for a three-year term with re-appointment for a second three-year term following the consideration of the board. The chair of the board may serve a third three-year term following consideration of the board. All trustees undergo an in-depth induction and are offered training as well as opportunities to attend meetings with funded organisations alongside Foundation staff. The board typically meets four times a year, plus an annual strategic away day.
- Has two trustee advisory committees and groups, to which it delegates various aspects of the Foundation's work, with oversight and ratification of their decisions provided from the board:
  1. Finance and risk committee (comprising of five trustees, the chief executive and accountant): in 2016/17 this committee advised on the audit, risk oversight, budget and investments.
  2. Nominations and remunerations committee (comprising of five trustees including the chair, vice-chair and at least one Society appointed trustee who was included in the quorum). In 2016/17 this committee agreed the extension of the term of one Society trustee by 12 months, to provide continuity in the context of the two other Society's trustees retiring from the board within a 12-month period.
- Undertakes an annual skills audit of the board. In 2016/17 the audit was used to appraise the skills of the board and agree actions for strengthening those skills where appropriate.
- Reviews its compliance with the Good Governance Code for the Voluntary Sector every two years, next due in 2017.
- Maintains a risk register to identify the major risks to which the Foundation is exposed. During the year, the board reviewed and established procedures to manage those risks. The principal risk is the loss of funding from its main benefactor. This is mitigated in several ways including through a funding agreement and good management of the relationship with the Society.
- Undertakes an independent audit of its internal controls every two years (next due in August 2017).
- Has a conflicts of interest policy for both trustees and staff and maintains a register of declarations. Trustees declare conflicts of interest at the start of each meeting and withdraw from decisions where there is a conflict. A code of conduct also exists for trustees.

### Staff

- The Nationwide Foundation's staffing structure was reviewed during 2016/17 with consideration being given to the revised Decent Affordable Homes strategy and the resource required to deliver it. A new structure was agreed to increase the team from five to seven. A head of programmes (previously appointed on a temporary basis) became permanent and a third programme manager (to be appointed in summer 2017) were added to the existing team which consisted of a chief executive, two programme managers, a communications, policy and public affairs manager and an operations support officer.
- The staff implement the policies and strategies set by the board. During the year, the board increased the delegated authority that the chief executive holds to approve grants in line with the approved funding strategy, from £10,000 to £50,000. This was done to allow the Foundation to be more responsive to applications for funding and was to be reviewed regularly.
- All staff are employed by the Nationwide Building Society and receive remuneration in accordance with their employment contract with the Society. The Foundation's Nominations and Remunerations Committee sets the chief executive's salary within the parameters of Nationwide Building Society's salary bands.

### Key relationships

- Nationwide Building Society is the Foundation's main benefactor and supplier of in-kind support including offices.
- The Foundation is a member of the following networking and support organisations: Association of Charitable Foundations (ACF), Association of Chief Executives of Voluntary Organisations (ACEVO) and National Council of Voluntary Organisations (NCVO).
- The Gallery Partnership supplied and maintained the Foundation's grants database during the year.

### Statement of trustees' responsibilities

The trustees (who are also directors of the Foundation 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charity 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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity 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 charity'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 charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Financial Review

### Income

Income for 2016/17 totalled £2,641,746 (2015/16: £1,672,512). The Foundation's income is almost entirely derived from an annual donation from the Nationwide Building Society. This forms part of an evergreen three-year funding agreement from Nationwide. In 2016/17 the donation from Nationwide Building Society totalled £2,500,000 (2015/16: £1,574,167). In addition, in 2016/17 the Society donated services to the Nationwide Foundation totalling £68,803 (2015/16: £69,399). This represents provision of office space, technology, legal and accountancy support.

### Expenditure

Expenditure for 2016/17 totalled £1,145,224 (2015/16: £1,866,354). The Foundation's expenditure was used to fund charitable causes and support the running of the Nationwide Foundation. Grants awarded during the year are usually payable in instalments over a one to four-year period. Each grant is subject to monitoring to ensure satisfactory progress and some larger grants require board approval to release the future years' instalments. Grant expenditure was lower than the previous year due to the time taken to carry out a review of the strategy.

### Investment policy

The investment policy permits trustees to manage the Foundation's investments up to an agreed amount. The use of an investment manager is reviewed annually. All funds are held in either fixed-term or instant access cash accounts on which interest is earned. Interest earned in 2017/18 totalled £40,229 (2016/17: £26,880). Funds may only be held with banks or financial institutions which have their head offices located in the UK and which are regulated and authorised in the UK by the Financial Conduct Authority. Not more than £2m may be deposited per institution with the exception of Nationwide Building Society, where no more than £2.25m may be deposited to allow for the fluctuating levels of liquid funds required to make grant payments throughout the year.

### Programme related investment policy

The policy on social investments adheres to the following guidance from the Charity Commission:

*"Programme related investments (also known as social investments) are made directly in pursuit of the organisation's charitable purposes. Although they can generate some financial return (funding may or may not be provided on commercial terms), the primary motivation for making them is not financial but to further the objects of the funding charity."*

During the year, no new programme related investments were made. Repayments were received from one existing social investment and interest earned during the year totalled £3,400 (2015/16: £2,000).

### Reserves policy

The trustees review the reserves policy annually and monitor the level of reserves throughout the year. Unrestricted funds are designated for the purpose of ensuring the Nationwide Foundation can fulfil its funding commitments under the current funding strategy. In addition, the trustees have decided that it is prudent to hold a contingency budget that would allow the Nationwide Foundation to be able to manage all current funding commitments and allow the trustees time to consider what action should be taken should unexpected events occur, such as the withdrawal of support from its benefactor. Any surplus funds are held in a Future Grant Making Fund.

The unrestricted reserves at 31 March 2017 totalled £2,772,024 (2015/16: £1,275,502). The trustees have agreed to designate the Nationwide Foundation's unrestricted reserves as follows:

- £459,852 funds pledged to projects being funded through the Decent Affordable Homes funding programmes
- £1,503,707 to support the future delivery of the Decent Affordable Homes strategy (to be spent from 2017 to 2020)
- £258,465 representing the programme related investments made in support of the Decent Affordable Homes strategy.
- £550,000 set aside for contingency purposes.

### Guarantees

The members of the charity, who are also the trustees, guarantee an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2017 was 10 (2015/16: 10). The members are only entitled to voting rights and do not have a beneficial interest in the charity.

### Auditors

The auditors, Crowe Clark Whitehill LLP were re-appointed during the year and have expressed their interest to continue in office.

### Approval

The trustees have agreed these financial statements which have taken advantage of the small companies exemptions provided by section 415a of the Companies Act 2006.

Approved by the board of trustees on 14 September 2017 and signed on behalf of the board of trustees by the chair and another trustee:

Chair .....  
Benedict Stimson

Trustee.....  
Sarah Mitchell

# Trustees / Directors

**Antonia Bance**

**Juliet Cockram** ◊

**Martin Coppack** ∞

**Fiona Ellis (Vice-chair)** ◊ ∞ (retired 28 September 2016)

**Bryce Glover** † ◊

**Clara Govier** ◊ (appointed 29 September 2016)

**Graeme Hughes** † ∞

**Sarah Mitchell (vice-chair from 28 September 2016)** ◊

**Tony Prestedge** † (appointed 19 June 2016)

**Chris Rhodes** † ∞ (retired 19 June 2016)

**Benedict Stimson (chair)** ∞

**John Taylor** ◊

- † Appointed by the Society
- ◊ Member of the Finance and Risk Committee
- ∞ Member of the Nominations and Remunerations Committee

**Chief Executive:** Leigh Pearce

**Company Secretary:** Jason Lindsey (to 30 November 2016)  
Alistair Peel (from 30 November 2016)

**Accountant:** Ben Speake

**Auditors:** Crowe Clark Whitehill LLP, Aquis House, 49-51 Blagrove Street, Reading, Berkshire, RG1 1PL

**Bankers:** CAF Bank, 25 Kings Hill, West Malling, Kent, ME19 4JQ

**Solicitors:** Bates Wells Braithwaite, 10 Queen Street Place, London, EC4R 1BE

Registered charity no. 1065552 Registered company no. 3451979

Registered office address: Nationwide House, Pipers Way, Swindon, SN38 1NW

## **Independent Auditor's Report to the Members and Trustees of The Nationwide Foundation**

We have audited the financial statements of The Nationwide Foundation for the year ended 31 March 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes.

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)

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 the charitable company's trustees as a body in accordance with section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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, the charitable company's members as a body and the charitable company's trustees as a body for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 151 of the Charities Act 2011 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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 Trustees' Annual Report 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 group's and the charitable company's affairs as at 31 March 2017 and of the group's 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 and the Charities Act 2011.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

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

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

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:

- the parent charitable company has not kept adequate accounting records; or
- the parent charitable company 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 Trustees Annual Report.

Alastair Lyon

Senior Statutory Auditor

For and on behalf of

**Crowe Clark Whitehill LLP**

Statutory Auditor

**Reading**

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**THE NATIONWIDE FOUNDATION  
STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 MARCH 2017  
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**

	Notes	2017 £	2016 £
<b>INCOMING AND ENDOWMENTS ON:</b>			
Donations and legacies	2	2,529,314	1,574,233
Investments	3	43,629	28,880
Other	4	68,803	69,399
<b>Total</b>		<b>2,641,746</b>	<b>1,672,512</b>
<b>EXPENDITURE ON:</b>			
Charitable activities	5	1,145,224	1,866,354
<b>Total</b>		<b>1,145,224</b>	<b>1,866,354</b>
<b>Net movement in funds</b>		<b>1,496,522</b>	<b>(193,842)</b>
<b>Reconciliation of funds</b>			
Fund balances brought forward		1,275,502	1,469,344
<b>Fund balances carried forward</b>	15	<b>2,772,024</b>	<b>1,275,502</b>

The notes on pages 18 to 25 form part of these accounts.

All income is unrestricted. All amounts relate to continuing operations.

There were no recognised gains or losses other than the net income for the year in the Statement of Financial Activities (2016: £nil).

THE NATIONWIDE FOUNDATION  
BALANCE SHEET  
AS AT 31 MARCH 2017  
COMPANY REGISTERED NUMBER: 3451979

	Notes	2017 £	2016 £
<b>FIXED ASSETS</b>			
Programme related investments	10	231,400	232,500
<b>CURRENT ASSETS</b>			
Programme related investments	10	27,065	27,065
Debtors	11	36,804	23,649
Cash at bank		961,230	597,866
Short term deposits		2,854,223	1,993,848
		<b>3,879,322</b>	<b>2,642,428</b>
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	12	(1,217,537)	(1,042,298)
<b>NET CURRENT ASSETS</b>		<b>2,661,785</b>	<b>1,600,130</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,893,185</b>	<b>1,832,630</b>
<b>NON CURRENT LIABILITIES</b>			
Creditors: amounts falling due after one year	12	(121,161)	(557,128)
<b>NET ASSETS</b>	13	<b>2,772,024</b>	<b>1,275,502</b>
<b>FUNDS</b>			
Designated funds	15	2,772,024	1,275,502
<b>TOTAL CHARITY FUNDS</b>		<b>2,772,024</b>	<b>1,275,502</b>

The notes on pages 18 to 25 form part of these accounts.

The financial statements were approved by the board of trustees on 14 September 2017 and signed on behalf of the board of trustees by the chair and another trustee

} Chair - Benedict Stimson  
}

} Trustee - Sarah Mitchell  
}

THE NATIONWIDE FOUNDATION  
CASHFLOW STATEMENT  
AS AT 31 MARCH 2017

	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net movement of funds per SOFA		1,496,522	(193,842)
<b>Adjustments for:</b>			
Interest from investments		(43,629)	(28,880)
(Increase)/decrease in debtors		(13,155)	(9,410)
Increase/(decrease) in creditors		(260,728)	933,868
<b>Net cash provided by operating activities</b>		<b>1,179,010</b>	<b>701,736</b>
<b>Cash flows from investing activities</b>			
Interest from investments		43,629	28,880
Programme related investments		1,100	21,672
<b>Net cash provided by investing activities</b>		<b>44,729</b>	<b>50,552</b>
<b>Increase in cash and cash equivalents in the year</b>		<b>1,223,739</b>	<b>752,288</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>2,591,714</b>	<b>1,839,426</b>
<b>Total cash and cash equivalents at the end of the year</b>		<b>3,815,453</b>	<b>2,591,714</b>

**THE NATIONWIDE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**1. Accounting policies**

**Charity information**

The Charity is a company limited by guarantee (registered number 3451979), which is incorporated in the UK. The address of the registered office is Nationwide House, Pipers Way, Swindon, SN38 1NW.

**Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2016), applicable UK accounting standards including the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Companies Act 2006.

The accounts (financial statements) have been prepared to give a true and fair view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following Accounting and Reporting by Charities, preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005, which has since been withdrawn. The Nationwide Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

**Significant judgements and estimates**

The trustees consider that there are no material judgements in applying accounting policies or key sources of estimation uncertainty.

The principal accounting policies adopted in the preparation of the financial statements are as follows.

- (i) **Income**  
Both donation income and interest income are credited to the Statement of Financial Activities on an accruals basis.
- (ii) **Grants**  
Grants are charged to the Statement of Financial Activities when an unconditional commitment has been made to provide the donation. Grant commitments made with conditions are pledged and provided for in the designated fund.
- (iii) **Programme related investments**  
Programme related investments that are loans are accounted for at the outstanding amount of the loan less any provision for unrecoverable amounts. Programme related investments are held at cost as the Foundation is unable to obtain a reliable estimate of fair value.
- (iv) **Going concern**  
The charity has cash resources and has no requirement for external funding. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. They continue to believe the going concern basis of accounting is appropriate in preparing the annual financial statements.
- (v) **Donated goods and services**  
Donated goods and services represent Nationwide Building Society specialist staff services and accommodation costs which have not been directly charged to the Foundation.

1. Accounting policies (continued)

(vi) Allocation of expenditure

Staff costs have been apportioned on the basis of the approximate time allocated by the chief executive and other officers between the Foundation's charitable objectives and governance. Where possible, other costs are allocated on an individual basis to the relevant objective or to governance costs. If costs are not directly attributable to particular objective(s) or to governance they are apportioned using the same basis as the staff costs. The allocation methodology is reviewed annually to ensure that it is still applicable.

(vii) Designated funds

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of such designated funds is set out in the notes to the financial statements.

(viii) Irrecoverable VAT

Irrecoverable VAT is charged to the Statement of Financial Activities.

(ix) Cash flow statement

A cash flow statement has been prepared under FRS 102. Cash and cash equivalents represent cash in hand and notice deposits of less than 30 days.

(x) Pension costs

The officers of the Foundation are part of the Nationwide Group pension arrangements. The only pension costs to the Foundation are the employers' pension scheme contributions which are re-charged to the Foundation. Pension scheme liabilities are borne by the Society.

(xi) Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

(xii) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

(xiii) Financial Instruments

The charity holds only financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments include debtors and creditors. Debtors and creditors are initially recognised at transaction value and subsequently measured at amortised cost. Note 15 provides more information on financial instruments where future cash flows are anticipated, with financial assets referring to debtor balances excluding prepayments and cash and cash equivalents, and financial liabilities referring to all creditor balances excluding deferred income.

2. Donations and legacies

	2017	2016
	£	£
Nationwide Building Society	2,500,000	1,574,167
Other donations	29,314	66
	<b>2,529,314</b>	<b>1,574,233</b>

3. Income from investments

	2017 £	2016 £
Bank interest receivable	40,229	26,880
Interest from programme related investments	3,400	2,000
	<b>43,629</b>	<b>28,880</b>

4. Other incoming resources

	2017 £	2016 £
Donated services from Nationwide Building Society	68,803	69,399
	<b>68,803</b>	<b>69,399</b>

Donated services are analysed in note 5(c).

5. Analysis of total expenditure

	Staff costs £	Support costs £	Grants £	Donated services £	Total 2017 £	Total 2016 £
<b>(a) Charitable activities by objective</b>						
Decent Affordable Homes funding strategy	224,146	35,464	781,163	62,293	1,103,066	1,821,464
Governance costs	22,085	13,563	-	6,510	42,158	44,890
	<b>246,231</b>	<b>49,027</b>	<b>781,163</b>	<b>68,803</b>	<b>1,145,224</b>	<b>1,866,354</b>

For further analysis of support costs see note 6. For further analysis of staff costs see note 7.

	2017 £	2016 £
<b>(b) Analysis of governance costs</b>		
Staff costs	22,085	17,219
Trustees' expenses	1,821	1,570
Audit costs (inclusive of irrecoverable VAT)	10,255	10,098
Other administration costs	1,487	7,867
Donated services	6,510	8,136
	<b>42,158</b>	<b>44,890</b>

	2017 £	2016 £
<b>(c) Donated services</b>		
Specialist staff services	24,803	25,399
Accommodation costs	44,000	44,000
	<b>68,803</b>	<b>69,399</b>

**5. Analysis of total expenditure (continued)**

Donated services represent the cost of specialist staff services and accommodation which have not been directly charged to the Foundation by Nationwide Building Society. In addition, Nationwide Building Society provides the Foundation with other services such as IT support which cannot be readily quantified. IT costs for the maintenance of the Foundation's grants administration system are paid by the Foundation and are included in support costs.

**6. Staff costs**

The officers of the Foundation are employed by Nationwide Building Society but seconded to the Foundation for the duration of their employment under the terms of the Framework Agreement between the Society and the Foundation.

The amounts charged as direct staff costs comprised:-

	2017 £	2016 £
Salaries	182,256	135,577
Social security	18,958	13,394
Pensions contribution	45,017	34,142
<b>Total staff costs recharge</b>	<b>246,231</b>	<b>183,113</b>

The average number of persons employed by the Society who acted as officers of the Foundation was 5 (2016: 4). The number of employees of the Society who acted as an officer of the Foundation receiving emoluments of over £60,000 was 1 (2016: 1 restated). All staff receive emoluments, including benefits in kind, in accordance with Nationwide Building Society employment policies. For details of pensions costs see note 1(xi).

The average number of employees during the year was made up as follows:-

	2017	2016
Decent Affordable Homes funding strategy	4	3
Governance	1	1
	<b>5</b>	<b>4</b>

During the year, the Foundation's employees have worked together on all the Foundation's charitable objectives.

**7. Net income/(expenditure) resources for the year**

Net income/(expenditure) for the year is stated after charging:

	2017 £	2016 £
Trustees' expenses	1,821	1,570
Auditors' remuneration:		
Audit services - current year	8,435	8,190

None of the trustees / directors received any emoluments in respect of services to the Foundation (2016: nil).

## 7. Net income/(expenditure) resources for the year (continued)

### Trustees' expenses

Trustees' expenses include amounts reimbursed to trustees for out of pocket expenses and amounts paid for by the charity to third parties for costs such as travel, accommodation, subsistence and training. Trustees are reimbursed for travel expenses when claimed. During the year, 7 trustees (2016: 10) received reimbursements of personal travel and subsistence expenditure amounting to £1,821 (2016: £1,570).

## 8. Grants payable

The Nationwide Foundation committed to the following grants during the year in relation to its Decent Affordable Homes strategy.

All grants are made to institutions.

	2017	2016
	£	£
<b>DECENT AFFORDABLE HOMES FUNDING STRATEGY</b>		
Action Homeless Leicester	-	140,000
Age UK London	-	90,060
Building & Social Housing Foundation	-	14,333
Canopy Housing	-	160,000
Community Campus 87	-	74,732
Community Land Trust Fund I	-	21,672
DAH Added Value	4,423	14,573
Generation Rent	-	107,502
Giroscope	-	124,560
GIPSIL	-	150,000
Grimsby Doorstep	-	130,000
LATCH	-	105,000
Locality	-	160,466
New Economics Foundation	83,590	-
Rural Action Yorkshire	-	33,972
The National Custom and Self Build Association	109,783	-
The Smith Institute	40,100	-
Town & Country Planning Association	84,990	-
Wales Cooperative Centre	130,000	-
West Kensington Community Homes Ltd	42,790	45,000
YMCA Glenrothes	-	158,655
Young Foundation	83,516	-
University of York	201,971	-
<b>TOTAL GRANTS:</b>	<b>781,163</b>	<b>1,530,525</b>

## 9. Taxation

Corporation tax payable for the year ended 31 March 2017 was £nil (2016: £nil).

## 10. Programme related investments

	2017 £	2016 £
<b>Non-current assets</b>		
Community Land Trust Fund II	112,500	112,500
Golden Lane Housing	50,000	50,000
Highlands Small Communities Housing Trust	68,900	70,000
	<b>231,400</b>	<b>232,500</b>
<b>Current assets</b>		
Community Land Trust Fund I	27,065	27,065
<b>Total programme related investments at 31 March</b>	<b>258,465</b>	<b>259,565</b>

The Foundation has four ongoing programme related investments:

- £27,065 in support of the Community Land Trust Fund I. These funds are due to be returned during 2017/18.
- £50,000 in support of Golden Lane Housing. These funds are due to be returned during 2018.
- £68,900 in support of Highlands Small Communities Housing Trust. These funds are due to be repaid over the next 21 years.
- £112,500 in support of the Community Land Trust Fund II. These funds are due to be returned during 2020-21.

## 11. Debtors

	2017 £	2016 £
Accrued interest	25,523	13,401
Prepayments	11,281	10,248
	<b>36,804</b>	<b>23,649</b>

## 12. Creditors: amounts falling due within one year

	2017 £	2016 £
Grants payable	1,128,128	937,456
Programme related investment commitments	56,250	91,250
Other creditors	19,892	-
Accruals	13,267	13,592
	<b>1,217,537</b>	<b>1,042,298</b>

### Creditors: amounts falling due after one year

Grants payable	121,161	557,128
	<b>121,161</b>	<b>557,128</b>

### 13. Analysis of net assets between funds

	Designated Fund	
	2017	2016
	£	£
Fixed assets	231,400	232,500
Current assets	3,879,322	2,642,428
Current liabilities	(1,217,537)	(1,042,298)
Non-current liabilities	(121,161)	(557,128)
	<b>2,772,024</b>	<b>1,275,502</b>

### 14. Financial Instruments

	2017	2016
	£	£
Financial assets measured at amortised cost	3,840,976	2,605,115
Financial liabilities measured at amortised cost	1,338,698	1,599,426

Financial assets measured at amortised cost comprise all debtor balances excluding prepayments and cash and cash equivalents.

Financial liabilities measured at amortised cost comprise all creditor balances excluding deferred income.

### 15. Designated funds

The designated funds, represented below, are allocated as per the reserves policy described in the Directors Report and as per note 1(viii).

	Decent Affordable Homes strategy					Other Designated Funds	Total
	Uncommitted	Pledged	Added value	PRI	Running costs	Contingency Fund	
	£	£	£	£	£	£	£
Brought Forward	477,104	-	38,833	259,565		500,000	1,275,502
Incoming Resources	2,572,943	-	-	-		-	2,572,943
Resources Expended	-776,149	-	-3,976		-296,296	-	-1,076,421
Transferred	-805,048	459,852		-1,100	296,296	50,000	0
Carried Forward	1,468,850	459,852	34,857	258,465	0	550,000	2,772,024

Donated services from the Nationwide Building Society are not included in the designated fund.

## 16. Related parties

The Foundation is an independent charity, set up and funded by the Nationwide Building Society. A legal contract called the Framework Agreement sets out the working relationship between the Society and the Foundation and encompasses the provision of funds and donated services including office space, technology and other support. All financial donations and donated services are disclosed in the financial statements. The Society can appoint three of ten trustees. In the opinion of the board, there is no ultimate controlling party of the Foundation.

All staff and trustees are asked annually to record any conflicts of loyalty or interest and to declare them at the start of each board and committee meeting. During the year, no party transactions were registered.

Total aggregate compensation paid to key management personnel (the Chief Executive) amounts to £84,060 (2016: £82,571 restated).

## 17. Post balance sheet events

In June 2017, a donation of £2,814,167 was received from the Nationwide Building Society in respect of funding for the year 2016-17. These funds were designated for the Decent Affordable Homes strategy as per the reserves policy in the Annual Report.