



Annual Report and Accounts

Year ended 31 March 2016

The Nationwide Foundation's Trustees' report for the year ending 31 March 2016

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

“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.”

Grant-making policy

The trustees of the Foundation are committed to:

- ensuring that the Foundation's funds are deployed for maximum benefit and;
- developing its funding programmes, following detailed 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 criterion is based on research, evaluations of previous work and stakeholder engagement;
- awards funding to organisations based in and delivering work in the UK.

The Foundation's values underpin the grant-making policy:

Open:

Operate with openness, transparency and honesty. This includes:

- Having helpful relationships with grantees which enables them to feel comfortable about approaching the Foundation when things do not go as planned, or when extra support is needed.
- Conducting robust evaluations of its own work and also the work that it funds, often engaging independent consultants. Publicly sharing the findings, both the successes and the lessons learned, so others may benefit.

Supportive:

Be considerate, understanding and flexible. This includes:

- Working closely with grantees to provide them with any additional support which they need during the course of the funding; for example, training, mentors, help with business planning and end of grant consultancy.

Progressive:

Constantly seek to improve. This includes:

- Regularly reviewing work, reflecting on changes in society and lessons learned from grant-making to date. Engaging independent researchers to help do this. The Decent Affordable Homes strategy applies a theory of change approach which gives the Foundation a better understanding of the difference made with its funding.
- Responding to change and to opportunities arising during the strategies; for example, in relation to evolving government policies, grantees' organisational situations, and alterations needed to the projects funded.

Committed:

Dedicated to:

- Improving the lives of people in need through the causes supported, not only through the provision of funding, but also by actively trying to influence change.
- Helping grantees to support people in need as best as they can.
- Learning how to improve what the Foundation does; sharing lessons and successes.

Objectives

In 2013, the Nationwide Foundation launched its current funding strategy which continues to be the focus of its work.

The Decent Affordable Homes strategy

Vision	Everyone in the UK has access to a decent home that they can afford		
Aim	To create decent, affordable housing for people in need		
Objectives	To create conditions which increase the number of decent, affordable homes and to break down the barriers to the creation of those conditions		
Outcomes	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
Outputs (activities)	<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 on 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"> - raise awareness of the need to improve the living conditions of vulnerable tenants in the PRS. - help vulnerable tenants in PRS homes to improve their living conditions on a national, regional or local scale. - increase the number of affordable decent PRS homes which provide more favourable living conditions to vulnerable tenants. 	<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>
Added Value	<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"> · championing ideas that will create more affordable homes; · connecting and convening those who have knowledge with those who have power to create change; and · funding work that has the potential to influence positive change. 		

Activities and achievements

During 2015/16 the Nationwide Foundation carried out the following activities to achieve its strategic outcomes:

Outcome - Bring empty properties into use as homes for people in need

Empty Homes Funding programme – 2013-2016

In 2013 seven organisations were awarded multi-year grants totalling £721k; six of those projects continued in 2015/16. During the year the six projects collectively:

- Completed the renovation of 13 homes from empty properties
- Provided decent, affordable homes for 22 people in need
- Provided training, work experience or qualifications to 53 people

Since 2013, the programme has contributed to a total of 56 homes providing housing for 136 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 those living in overcrowded or unsafe homes, often in the private rented sector.

During the year, four organisations completed their projects:

- Canopy Housing, Leeds
- Freebridge Community Housing, King's Lynn
- GIPSIL, Leeds
- Latch, Leeds

... and two organisations will complete their projects during 2016/17 creating a further seven homes:

- Granby 4 Streets CLT Ltd, Liverpool
- Highlands Small Community Housing Trust (HSCHT), Inverness

Empty Homes Funding programme – 2016-2018

There are still over 200,000 empty homes in England, plus thousands more in Scotland, Wales and Northern Ireland. In addition, there are many other empty spaces that could be used to help meet the demand for decent, affordable homes.

Because of this, in September 2015 the Nationwide Foundation launched a new £1 million funding programme with a target of creating 40 more homes from empty properties to provide 80 people in need with a decent home that they can afford.

All applications were assessed between November 2015 and February 2016 and the trustees awarded a total of £1,042,948 to eight organisations in March 2016. Grant recipients were:

£140,000	Action Homeless, Leicester	£150,000	GIPSIL, Leeds
£160,000	Canopy Housing, Leeds	£130,000	Grimsby & Cleethorpes Area Doorstep, Grimsby
£74,732	Community Campus 87, Stockton-on-Tees	£105,000	Latch, Leeds
£124,560	Giroscope, Hull	£158,656	YMCA Glenrothes, Fife

By 2018, the funding from the Nationwide Foundation is expected to help these eight organisations create over 80 homes for 117 people in need, as well as provide training, work experience or qualifications for almost 200 people.

Added value

During the year the Nationwide Foundation has carried out activities to support the organisations funded and complement their work in a way that contributes to the achievement of the outcomes. These include:

- A grant of £9,500 awarded to the University of Birmingham towards research to identify the impact achieved by the government's Empty Homes Community Grant Programme. This research will provide an evidence base that can be used to influence policymakers, local authorities, lenders and social investors with the intention of securing more funding and support for empty properties work. The research was launched in July 2016.
- Co-convening, with ACF and LandAid, a special interest group of funders which are potentially interested in funding out more about supporting empty properties work. The group is exploring blended funding models for bringing empty properties back into use, which includes social investment, grants and loan funding. Work on this will be ongoing in 2016/17.
- Working with the Scottish empty properties partnership, run by Shelter Scotland, to share data and knowledge to help inform the development of community-led empty properties work and to urge the Scottish government to launch an empty properties community grants programme.

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

Generation Rent

Funding of £107,502 was provided for the third year of a multi-year grant to Generation Rent (also known as the National Private Tenants' Organisation). The Nationwide Foundation's grant to Generation Rent ended in October 2015. Generation Rent is the UK's only national organisation dedicated to working to improve conditions and raise standards in the private rented sector for vulnerable tenants.

During the year Generation Rent has:

- Supported the campaign to ban revenge evictions which came into law in October 2015;
- Campaigned for area-wide landlord licensing as a way to protect tenants from rogue landlords and improve conditions and management in the sector. Several schemes have been introduced or expanded including in Croydon, Wirral, Liverpool and Redbridge.
- Supported renters to campaign together on issues relevant to their communities.
- Raised political and public awareness of the issues affecting private tenants to help create the conditions for change.

Age UK London

In March 2016 the Nationwide Foundation awarded a grant of £90,060 to Age UK London which is working to raise awareness of the needs of older private sector tenants in London and to find solutions to the problems they face. Using the funding it has received from the Nationwide Foundation, Age UK London's 18-month project will focus specifically on the challenges and vulnerabilities faced by older renters in the capital. Research will inform clear policy 'asks', targeting the Mayor of London, London Assembly and London borough councils to improve the living conditions of older, vulnerable private renters. The project also aims to devise models of direct support for older Londoners who are experiencing poor living conditions or are at risk of having to move out of London. It will also produce practical resources; both for older renters to enable them to self-advocate and also for organisations wishing to support them.

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

Grants totalling £253,771 were awarded to four projects developing alternative, scalable models that will create affordable homes:

- **£160,466 to Locality** – a two-year project which will provide tailor-made business support and grants to early-stage affordable community-led housing projects. The projects will be located in deprived urban areas in England facing homelessness and affordability issues.
- **£45,000 to West Kensington and Gibbs Green Community Homes** – to support residents in west London obtain community-ownership of two housing estates which are at risk of demolition and forced rehousing.
- **£33,972 to Rural Action Yorkshire** – to identify the opportunities and potential for affordable community-led housing across rural north Yorkshire and East Riding. New resources will be produced to make it easier for communities to take forward community-led housing.
- **£14,333 to the Building and Social Housing Foundation** – small top-up grants to support the project which began in the previous year to establish a community-led housing alliance.

Ten organisations in receipt of multi-year grants awarded in previous years were supported and monitored. Key achievements were:

- Two think-tank's - The Smith Institute (TSI) and Demos - both completed and launched research reports into different aspects of community-led housing.
 - TSI's report highlighted the potential and challenges for community-led housing to scale-up and scale-out and provided 12 recommendations for actions that can be taken to support the growth of this sector.
 - The report from Demos concluded that community-led housing is: more likely to be approved by planners; better at addressing the housing needs of communities than mainstream housing developments; and can be more cost effective.
- The National Custom and Self Build Association completed and launched its findings from its year-long project looking at how to make it easier for people on modest incomes to build their own homes. An online toolkit to help council leaders take forward affordable self and custom-build projects was launched at 10 Downing Street in December 2015.
- The Wales Co-operative Centre has provided 350 hours of support to co-operatives in Wales to help create affordable housing for people in need. This support has contributed to the creation of 83 homes in Wales during 2015/16.

Activities and achievements

Examples of work funded during 2015/16:



The Nationwide Foundation funded NaCSBA to find ways for people on modest incomes to self-build their own affordable homes. The work focussed on increasing the availability of ready-to-go, modestly-priced serviced building plots and also on how communities can collaborate to jointly commission their own homes.

NaCSBA identified how the success of self-build in other European countries could be adapted for the UK market to help address the shortage of affordable homes.

The learning was shared at a summit for local council leaders at 10 Downing Street. Hosted by Richard Bacon MP (chair of the All Party Parliamentary Group that encourages self and custom house building), some 30 council leaders were addressed by Brandon Lewis MP, housing and planning minister, together with Lord Gary Porter, chair of the Local Government Association. Local authorities were provided with new support materials to help them expand self-build in their areas.

Co-operative housing is a type of community-led housing, whereby residents democratically control and manage their homes. Using funding from the Nationwide Foundation and the Welsh Government, **Wales Co-operative Centre** provided support (such as legal, finance and business) to co-operative affordable housing projects to help them become established and operational with matters.

The funding has contributed to support for 14 projects in total and has helped co-operative groups in Merthyr Tydfil, Pontypridd, Newport, Rhyl and Carmarthen create 83 affordable homes.



Freebridge Community Housing is a not-for-profit housing provider in West Norfolk. In 2013, it received a grant from the Nationwide Foundation for £96,000 to create six affordable flats from empty commercial space above two retailers on King's Lynn High Street. Freebridge Community Housing agreed a long-term lease of 20 years with the private sector landlord and the space has now been successfully converted into six flats all of which exceed decent homes standards.

Due to the town centre location, with proximity to amenities, transport links and employment, Freebridge has been able to help people in low-paid work who are struggling to find decent, affordable accommodation. In 2015/16 three of the properties were let to people who were living in overcrowded housing, two were tenanted by people who needed to downsize to avoid the bedroom tax and one flat was let to someone who was homeless.



Evaluation

During 2015/16 the Nationwide Foundation appointed the Institute of Voluntary Action Research (IVAR) to conduct an evaluation to:

- Determine the collective difference the funding has made in relation to the outcomes of the Decent Affordable Homes strategy
- Evaluate the Foundation's effectiveness as a funder through this strategy.

At 31 March 2016 the evaluation was ongoing and the findings will be made available in the summer of 2016.

In the meantime, the trustees have used the initial findings from the evaluation to inform the development and review of the future direction of the Decent Affordable Homes strategy (see Future Plans section). The evaluation has also informed the continual review of the Nationwide Foundation's grant-making practices.

Award winning



In April 2016 the Nationwide Foundation won the award for Best Corporate Foundation at the 2016 Third Sector Business Charity Awards. The accolade commended the Foundation for its approach to funding community groups bringing empty properties back into use from 2013-2016.

Public benefit

The trustees confirm that they referred to the guidance contained within the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and in planning future activities and setting grant making policy.

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 and poor quality. 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. Poor housing can exacerbate the impact of poverty¹ and research has shown that housing factors can have a negative effect on health, wellbeing, employability and other life outcomes².

In the current environment, people who are vulnerable are most deeply affected by the impacts of poor housing and are often 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 more good quality, stable and affordable housing.

Future plans

Making a long-term commitment to housing

The Foundation's trustees recognise that the chronic shortage of decent, affordable housing in the UK will have a long-term impact on those in need and will require long-term solutions to create lasting change. Because of this the delivery of the Decent Affordable Homes strategy will continue throughout 2016/17 and beyond.

Review of the Decent Affordable Homes strategy

During 2015/16, the third year of the Decent Affordable Homes strategy, the trustees began a full review of the strategy. Trustees have considered the initial findings of the evaluation which indicated that good progress had been made, but given the scale of the UK's housing problems, a long-term approach was needed to achieve the aims of the strategy. The continuing review process will utilise the findings of the evaluation, analyse the knowledge gained since the launch of the strategy and examine the external housing market changes. The future direction of the Decent Affordable Homes strategy will be agreed in the autumn of 2016.

Other key plans for 2016/17 include:

- Supporting and monitoring the organisations currently in receipt of a grant or programme related investment;
- Identifying funding opportunities to award new grants or programme related investments for work that will achieve the outcomes;
- Championing the causes that the Nationwide Foundation supports and participating in the debates on creating affordable homes for those in need.
- Convening and connecting those who have knowledge with those who have power to support the creation of more decent affordable homes.

Living Wage Friendly Funder

The Nationwide Foundation joined the Living Wage Friendly Funder scheme in January 2016.

In becoming a Living Wage Friendly Funder, the Nationwide Foundation ensures the living wage is paid for the staff posts it funds to carry out projects.

For the Nationwide Foundation, a funder which seeks to help people in need in the UK, committing to ensuring that fair wages are paid is an obvious and simple way of tackling poverty and disadvantage.

The living wage is more than the UK's minimum wage and is a robust calculation that reflects the real cost of living. Working in the charity sector, the Nationwide Foundation comes across the huge problems caused by poverty and economic disadvantage every day and so, as a responsible funder, ensures that where its grants are supporting employment that these workers are paid fairly with a living wage.



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

² The Social Impact of Housing Providers, Daniel Fujiwara, HACT, 2013

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 the 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 charity meetings with 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 four trustees, the chief executive and accountant): in 2015/16 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 2015/16 this committee advised on the recruitment of a new trustee to be appointed in 2016/17 and succession planning.
- Undertook a skills audit of the board in 2015-16. The audit was used to inform the plan for recruiting a new trustee in 2016/17. The skills audit is next due to take place in 2016/17.
- Complies with the Good Governance Code for the Voluntary Sector. The Finance and Risk Committee reviewed the Foundation's compliance with the code during 2015 and confirmed its satisfaction with the Foundation's compliance with the Code.
- Has identified the major risks to which the Foundation is exposed. The board has reviewed and established procedures to manage those risks. The principal risk is the loss of funding from its main benefactor. This is mitigated in a number of ways including by the establishment of 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 2017).
- Has a conflicts of interest policy for both trustees and staff and a register of declarations that is maintained. Trustees declare any 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 the trustees.

Staff

- The Nationwide Foundation has a chief executive who is supported by 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 and the board has delegated authority to the chief executive to approve grants of up to £10,000 in line with the approved funding strategy.
- 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 band.

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), 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 2015/16 totalled £1,672,512 (2014/15: £990,753). 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 2015/16 the donation from Nationwide Building Society totalled £1,574,167 (2014/15: £873,333). In addition, in 2015/16 the Society donated services to the Nationwide Foundation totalling £69,399 (2014/15: £92,064). This represents provision of office space, technology, legal and accountancy support.

Expenditure

Expenditure for 2015/16 totalled £1,866,354 (2014/15: £1,167,650). The Foundation's expenditure was used to fund charitable causes and support the running of the Nationwide Foundation, the activities of which are entirely charitable and accord with its objectives. Expenditure related primarily to the delivery of the Decent Affordable Homes strategy and staff costs. 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.

Investment policy

The investment policy permits trustees to manage their own investments. The use of an investment manager is reviewed annually. All funds are held in either fixed-term or instant access cash accounts. 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 £1.5m may be deposited per institution with the exception of Nationwide where no more than £1.75m may be deposited to allow for the fluctuating levels of liquid funds required to make payments throughout the year. The trustees review on an annual basis the institutions with which funds are deposited, considering both ethical and financial issues. The funds are held in cash deposits on which interest is earned. Interest earned in 2015/16 totalled £26,880 (2014/15: £23,332).

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 £2,000 (2014/15: £2,000). Provision for a loss of £21,572 on one social investment was allowed for representing 8% of the value of this social investment.

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 reserves at 31 March 2016 totalled £1,275,502 (2014/15: £1,469,344). The trustees have agreed to designate the Nationwide Foundation's unrestricted reserves as follows:

- £515,937 to support the current Decent Affordable Homes strategy (this is expected to be spent during 2016/17).
- £259,565 representing the programme related investments made in support of the Decent Affordable Homes strategy.
- £500,000 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 2016 was 10 (2014/15: 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 15 September 2016 and signed on behalf of the board of trustees by the chair and another trustee:

Chair
Benedict Stimson

Trustee.....
Fiona Ellis

Trustees / Directors

Antonia Bance

Martin Coppack ∞

Juliet Cockram ◊

Fiona Ellis (Vice-chair) ◊ ∞

Bryce Glover † ◊

Graeme Hughes † ∞

Sarah Mitchell ◊

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

Accountant: Matthew Farmer

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 of Nationwide Foundation

We have audited the financial statements of Nationwide Foundation for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and 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.

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or
- 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.
- 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**, Aquis House, 49-51 Blagrove Street, Reading, Berkshire, RG1 1PL

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 2016
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**

	Notes	2016 £	2015 £
INCOMING AND ENDOWMENTS ON:			
Donations and legacies	2	1,574,233	873,357
Investments	3	28,880	25,332
Other	4	69,399	92,064
Total		1,672,512	990,753
EXPENDITURE ON:			
Charitable activities	5	1,866,354	1,167,650
Total		1,866,354	1,167,650
Net movement in funds		(193,842)	(176,897)
Reconciliation of funds			
Fund balances brought forward		1,469,344	1,646,241
Fund balances carried forward	16	1,275,502	1,469,344

The notes on pages 12 to 20 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 incoming resources for the year in the Statement of Financial Activities (2015: £nil).

THE NATIONWIDE FOUNDATION
BALANCE SHEET
AS AT 31 MARCH 2016
COMPANY REGISTERED NUMBER: 3451979

	Notes	2016 £	2015 £
FIXED ASSETS			
Programme related investments	11	232,500	232,500
CURRENT ASSETS			
Programme related investments	11	27,065	48,737
Debtors	12	23,649	14,239
Cash at bank		597,866	541,061
Short term deposits		1,993,848	1,298,365
		2,642,428	1,902,402
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	13	(1,042,298)	(593,479)
NET CURRENT ASSETS		1,600,130	1,308,923
TOTAL ASSETS LESS CURRENT LIABILITIES		1,832,630	1,541,423
NON CURRENT LIABILITIES			
Creditors: amounts falling due after one year	13	(557,128)	(72,079)
NET ASSETS	14	1,275,502	1,469,344
FUNDS			
Designated funds	14	1,275,502	1,469,344
TOTAL CHARITY FUNDS		1,275,502	1,469,344

The notes on pages 12 to 20 form part of these accounts.

The financial statements were approved by the board of trustees on 09 September 2016 and signed on behalf of the board of trustees by the chairman and another trustee

} Chair - Benedict Stimson
}

} Trustee - Fiona Ellis
}

THE NATIONWIDE FOUNDATION
CASHFLOW STATEMENT
AS AT 31 MARCH 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Net movement of funds per SOFA		(193,842)	(176,897)
Adjustments for:			
Interest from investments		(28,880)	(25,332)
(Increase)/decrease in debtors		(9,410)	(1,096)
Increase/(decrease) in creditors		933,868	(97,420)
Net cash provided by (used in) operating activities		701,736	(300,745)
Cash flows from investing activities			
Interest from investments		28,880	25,332
Programme related investments		21,672	110,436
Net cash provided by (used in) Investing activities		50,552	135,768
Increase (decrease) in cash and cash equivalents in the year		752,288	(164,977)
Cash and cash equivalents at the beginning of the year		1,839,426	2,004,403
Total cash and cash equivalents at the end of the year	1	2,591,714	1,839,426

THE NATIONWIDE FOUNDATION
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016

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 2015), applicable UK accounting standards including the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Companies Act 2006.

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) FRS102 transition

This is the first year in which the financial statements have been prepared under FRS 102. The date of transition is 1 April 2015. In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. In considering this the Trustees have concluded there are no comparative items requiring restatement.

(ii) Income receivable

Both donation income and interest income are credited to the Statement of Financial Activities on an accruals basis.

(iii) Grants

Grants are charged to the Statement of Financial Activities when an unconditional commitment has been made to provide the donation.

(iv) 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. Unquoted equity and similar programme related investments are held at cost, less any provision for diminution in value, as the Foundation is unable to obtain a reliable estimate of fair value.

(v) 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.

(vi) 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)

(vii) 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.

(viii) 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.

(ix) Irrecoverable VAT

Irrecoverable VAT is charged to the Statement of Financial Activities.

(x) 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.

(xi) 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.

(xii) 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.

(xiii) 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.

(xiv) 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 fixed asset investments and debtor balances excluding prepayments, and financial liabilities referring to all creditor balances excluding deferred income.

2. Donations and legacies

	2016 £	2015 £
Nationwide Building Society	1,574,167	873,333
Other donations	66	24
	1,574,233	873,357

3. Income from investments

	2016 £	2015 £
Bank interest receivable	26,880	23,332
Interest from programme related investments	2,000	2,000
	28,880	25,332

4. Other incoming resources

	2016 £	2015 £
Donated services from Nationwide Building Society	69,399	92,064
	69,399	92,064

Donated services are analysed in note 5(c).

5. Analysis of total expenditure

	Staff costs £	Support costs £	Grants £	Donated services £	Total 2016 £	Total 2015 £
(a) Charitable activities by objective						
Decent Affordable Homes strategy	165,894	63,782	1,530,525	61,263	1,821,464	1,116,197
Governance costs	17,219	19,535	-	8,136	44,890	51,453
	183,113	83,317	1,530,525	69,399	1,866,354	1,167,650

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

	2016 £	2015 £
(b) Analysis of governance costs		
Staff costs	17,219	19,605
Trustees' expenses	1,570	2,077
Audit costs (inclusive of irrecoverable VAT)	10,098	9,838
Other administration costs	7,867	410
Donated services	8,136	19,523
	44,890	51,453

5. Analysis of total resources expended (continued)

	2016 £	2015 £
(c) Donated services		
Specialist staff services	25,399	48,064
Accommodation costs	44,000	44,000
	69,399	92,064

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. Support costs

	Administration & IT 2016 £	Administration & IT 2015 £
Decent Affordable Homes strategy	63,782	50,469
Governance costs	19,535	12,325
	83,317	62,794

7. 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 of: -

	2016 £	2015 £
Salaries	135,577	128,656
Social security	13,394	14,635
Pensions contribution	34,142	32,652
Total staff costs recharge	183,113	175,943

The average number of persons employed by the Society who acted as officers of the Foundation was 5 (2015: 4). The number of employees of the Society who acted as an officer of the Foundation receiving emoluments of over £60,000 was nil (2015: nil). 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).

7. Staff costs (continued)

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

	2016	2015
Strategic review / Decent Affordable Homes strategy	3	3
Governance	1	1
	<u>4</u>	<u>4</u>

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

8. Net (expenditure)/income for the year

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

	2016	2015
	£	£
Trustees' expenses	1,570	2,077
Auditors' remuneration:		
Audit services - current year	8,190	7,950
	<u> </u>	<u> </u>

None of the trustees / directors received any emoluments in respect of services to the Foundation (2015: nil).

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, 10 trustees (2015: 11) received reimbursements of personal travel and subsistence expenditure amounting to £1,570 (2015: £2,077).

9. 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.

	2016 £	2015 £
DECENT AFFORDABLE HOMES STRATEGY		
Action Homeless Leicester	140,000	-
Age UK London	90,060	-
Building & Social Housing Foundation	14,333	155,150
Canopy Housing	160,000	-
Changing Lives (previously known as Newcastle Cyrenians)	-	40,000
Community Campus 87	74,732	-
Community Land Trust Fund I	21,672	-
DAH Added Value	14,572	20,336
Demos	-	41,548
Empty Homes Agency	-	79,950
Generation Rent	107,502	233,515
Giroscope	124,560	-
GIPSIL	150,000	-
Grimsby Doorstep	130,000	-
LATCH	105,000	-
Locality	160,466	-
Rural Action Yorkshire	33,972	-
Sliced Bread	-	(7,600)
The National Custom & Self Build Association	-	183,950
The Smith Institute	-	50,000
Wales Cooperative Centre	-	40,000
West Kensington and Gibbs Green Community Homes	45,000	-
YMCA Glenrothes	158,656	-
Total Decent Affordable Homes Grants	1,530,525	836,849
TOTAL GRANTS:	1,530,525	836,849

10. Taxation

Corporation tax payable for the year ended 31 March 2016 was £nil (2015: £nil).

11. Programme related investments

	2016 £	2015 £
Non-current assets		
Community Land Trust Fund II	112,500	112,500
Golden Lane Housing	50,000	50,000
Highlands Small Communities Housing Trust	70,000	70,000
	232,500	232,500
Current assets		
Community Land Trust Fund I	27,065	48,737
Total programme related investments at 31 March	259,565	281,237

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 2016/17.
- £50,000 in support of Golden Lane Housing. These funds are due to be returned during 2018.
- £70,000 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.

12. Debtors

	2016 £	2015 £
Accrued interest	13,401	5,841
Prepayments	10,248	8,398
	23,649	14,239

13. Creditors: amounts falling due within one year

	2016 £	2015 £
Grants payable	937,456	454,420
Programme related investment commitments	91,250	126,250
Accruals	13,592	12,809
	1,042,298	593,479

Creditors: amounts falling due after one year

Grants payable	557,128	72,079
	557,128	72,079

14. Analysis of net assets between funds

	Designated Fund	
	2016 £	2015 £
Fixed assets	232,500	232,500
Current assets	2,642,428	1,902,402
Current liabilities	(1,042,298)	(593,479)
Non-current liabilities	(557,128)	(72,079)
	1,275,502	1,469,344

15. Financial Instruments

	2016 £	2015 £
Financial assets measured at amortised cost	2,851,279	2,120,663
Financial liabilities measured at amortised cost	1,599,426	665,558

16. 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
	Grants and PRI	Running costs	Added Value	Contingency Fund	
	£	£	£	£	£
Brought Forward	905,939	-	53,405	510,000	1,469,344
Incoming Resources	1,603,113	-	-	-	1,603,113
Resources Expended	(1,515,953)	(266,430)	(14,572)	-	(1,796,955)
Transferred	(256,430)	266,430	-	(10,000)	-
Carried Forward	736,669	-	38,833	500,000	1,275,502

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

- Unused funds from 15/16 running costs were transferred to the funds designated to for the Decent Affordable Homes grants.
- The value of programme related investments that can only be realised by disposing of those investments is £259,565.

17. 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 related party transactions were registered.

Total aggregate compensation paid to key management personnel as disclosed in note 7 amounts to £71,043 (2015: £63,155), including pension contributions.

18. Post balance sheet events

In June 2016 a donation of £2,500,000 was received from the Nationwide Building Society in respect of funding for the year 2015-16. These funds were designated for the Decent Affordable Homes strategy as per the reserves policy in the Annual Report.