



Annual Report and
Financial Statements

Year ended 31 March 2021

Registered Company: 3451979

Registered Charity: 1065552

The Nationwide Foundation's trustees' report for the year ending 31 March 2021

About the Nationwide Foundation

The Nationwide Foundation is an independent charity that seeks to improve the lives of people in need by funding charitable causes and influencing change. At its heart, the Nationwide Foundation seeks to tackle the root causes of social problems that lead to disadvantage, poverty, and inequality. Key to the Nationwide Foundation's approach is creating a legacy, so that fewer people experience negative social outcomes in the future, because of timely and innovative intervention today.

The Nationwide Foundation's ambition is to contribute to meaningful, long-term, and lasting systems change. This change takes time, and the Nationwide Foundation uses a theory of change to guide its work. It has a team of staff and trustees who are committed to and passionate about delivering systems change. The Nationwide Foundation engages carefully with the right experts, academics, policymakers and frontline staff to ensure it has the knowledge and expertise to make a real difference.

The Nationwide Foundation was established by Nationwide Building Society in 1997 as a fully independent charitable foundation.

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."

Decent Affordable Homes strategy overview

The failure of the housing system, characterised by the desperate lack of decent, affordable homes, is one of the most pressing social problems facing the UK today. Poor quality, unaffordable housing causes serious harm to individuals, families and wider communities.

As a charity that helps to create positive and lasting changes to tackle disadvantage in the UK, the Nationwide Foundation believes that everyone should have access to a decent home that they can afford. The Nationwide Foundation uses its knowledge, leverage and funding of others to influence changes to the housing system and achieve its aim of increasing the availability of decent affordable homes for people in need.

The Nationwide Foundation is committed to its Decent Affordable Homes strategy, which started in 2013 and will run until at least 2031. This is in recognition of the severity of the housing crisis and the significant changes needed to help create a modern housing system that works for everyone.

The year in context

The year ending 31 March 2021, as for many across the world, was a year that brought change and challenge to the Nationwide Foundation and its grant-holders. The Covid-19 pandemic (the pandemic) altered the Nationwide Foundation's ways of working and required a nimble and timely response, both internally and in its work related to the UK's housing system.

Internally, the Nationwide Foundation responded quickly to the changing circumstances by adopting new systems, adapting to home working, and ensuring that the day-to-day functions of the charity still took place. It also responded by providing funding and support in a range of ways to its grant-holders, ensuring that they were able to use their funding flexibly.

The pandemic also brought about change and continued uncertainty in the UK's housing system. With little warning, the system had to adapt and manage widespread mortgage payment holidays, a temporary shut-down of the buying and selling of homes and the instigation and extension of temporary bans on evictions from owner-occupied and rented accommodation.

Further detail of the challenges experienced as well as the measures put in place is contained in this report.

Summary of the year

In 2020/21 Phase Two of the Nationwide Foundation's Decent Affordable Homes strategy entered its fifth year and continued at pace, despite the ever-changing situation presented by the pandemic.

During the year, pandemic-related funding was put in place, as well as the provision of funding for new projects and to support projects already in existence.

A new way of prioritising the Nationwide Foundation's efforts was also adopted, with four key priority areas identified and assessed on a regular basis. Throughout the financial year 2020/21, the adopted priorities were:

- The renewal of the Community Housing Fund
- Influencing activities to ensure that proposed planning reforms underpin both healthy homes principles and affordability
- Influencing the upcoming Renters' Reform Bill
- Securing improved and more sustainable funding for social housing.

This system of assessing work against key priorities ensured that the work of the Nationwide Foundation remained focussed on the areas where its money and influence was most needed and most likely to lead to significant change in the housing system.

This year also saw the culmination of the evaluation by the Nationwide Foundation's independent learning partner, the Centre for Regional Economic and Social Research at Sheffield Hallam University.

Finally, the Nationwide Foundation continued its strategic review, with consideration given to the next stage of the Decent Affordable Homes strategy.

Strategic review

A review of the Decent Affordable Homes strategy has been ongoing to consider how Phase Two of the strategy would evolve into Phase Three. The review started in 2019/20 and ran throughout 2020/21, pausing mid-year to address the immediate impact of the pandemic and to take time to understand its impact on housing.

The review has been carried out in accordance with guidance given by the Nationwide Foundation's board of trustees that Phase Three should include:

- Continuing to influence the long-term changes that are needed to make the housing system fit for purpose
- Using the learning and evidence from Decent Affordable Homes Phase Two as the foundation for the next stages of Decent Affordable Homes Phase Three
- Understanding what the Nationwide Foundation's key assets are - not just the provision of funding, but also the Nationwide Foundation's voice, networks and independence, and how these can be used for greatest impact.

As part of the strategic review, a scenario planning process, involving Nationwide Foundation staff members, trustees and external stakeholders took place in 2020/21 to identify versions of the future to help with planning in such uncertain times.

Key to the strategy review was understanding how to build on the work that had started in Phase Two to continue to make progress towards the long-term objectives of the Decent Affordable Homes strategy. Consideration was also given to the Nationwide Foundation's long-term objectives and how the work carried out in Phase Two could be built on to make greater progress towards those long-term objectives.

Grant-making activity

2020/21 saw the Nationwide Foundation award funding and support to new and existing projects in receipt of multi-year grants (from both Phase One and Phase Two). Funding was granted to all three programmes under Decent Affordable Homes Phase Two during 2020/21.

Some additional work was carried out in relation to the few remaining multi-year projects from Decent Affordable Homes Phase One, though this work is now naturally drawing to a close.

Grants were also awarded from a newly established fund to support existing grant-holders through the pandemic.

Learning and evaluation

One of the Nationwide Foundation's core values is continuous learning. The Nationwide Foundation diligently monitors the progress that is being made towards achieving its programme outcomes; what it can learn from the activities it funds; and how it can use and share the learning to inform greater progress towards the outcomes.

The Nationwide Foundation also recognises that much of what is funded is emergent and innovative, and therefore believes that learning and adapting in real time provides the best opportunities to achieve the desired outcomes. The Nationwide Foundation supports grant-holders to adapt their plans as they discover what is working well and what is not, as well as being reflective and responsive to changes that it needs to make to its own plans. This has rarely been truer than during 2020/21, when adaptation and working with change was the order of the day for the Nationwide Foundation and each of its grant-holders.

Learning and evaluation partner

Sheffield Hallam University's Centre for Regional Economic and Social Research was appointed during 2018/19 as the Nationwide Foundation's learning and evaluation partner to assess:

- 1) the Nationwide Foundation's effectiveness in delivering its interim and programme outcomes
- 2) the effectiveness of the Nationwide Foundation's approach as a funder
- 3) its wider impact on the housing system.

Sheffield Hallam University delivered its final evaluation report in March 2021. The report was welcomed by the Nationwide Foundation as a robust and considered insight into Decent Affordable Homes Phase Two. This report drew on data and extensive interviews and surveys of both the Nationwide Foundation's staff, its grant-holders and its wider group of external stakeholders.

Throughout this annual report, findings from Sheffield Hallam University will be used to add detail about the Nationwide Foundation's activities and achievements throughout the year.

Public benefit

Having somewhere safe and secure to live is a basic necessity, yet the lack of decent, affordable housing is one of the most pressing social problems facing the UK today, causing harm to the health of individuals, families, their communities and society at large.

The UK is facing a long-term housing crisis: homeownership is increasingly unaffordable; there is a severe shortage of social housing; and the options available in the private rented sector are too often unaffordable and of poor quality. The high cost of housing in many areas is a direct cause of poverty, with poor housing exacerbating the impact of poverty and narrowing or even blocking the pathways people have available to improve their health, employment, education and family life.

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. What is more, those who are vulnerable are most deeply affected by the damaging impacts of poor housing, while at the same time being those with the least resources available to proactively change the housing system.

The Nationwide Foundation's Decent Affordable Homes strategy aims to tackle the root causes of those negative impacts by creating the conditions for increasing the availability of good quality and affordable homes for all who need them, for as long as they need them.

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's trustees and staff are committed to robust, transparent governance and grant-making policy.

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 by 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 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 a simple step that contributes to tackling poverty and disadvantage.

Response to the Covid-19 pandemic

The pandemic had a range of impacts on the Nationwide Foundation, the grant-holders, the housing sector that the Foundation works within and the United Kingdom more widely. Throughout the pandemic the Nationwide Foundation sought to understand how its staff, grant-holders and the housing sector at large would be impacted and how it could provide support over and above existing pledges.

Arrangements for staff

The Nationwide Foundation has been fortunate, in that all staff have been able to switch to home working without any long-term disruption and Nationwide Building Society provided the technology required for remote working through in-kind donations.

All processes were reviewed to ensure they were fit for purpose while working remotely, and remaining manual processes were automated. This was an improvement in efficiency that will be permanent.

To address the challenge of staying connected in the workplace, the team stayed in touch through formal and informal virtual meetings and gatherings. In addition, staff wellbeing was regularly discussed, collectively and individually, and steps taken to adapt for individual circumstances.

Future working arrangements will provide choice and flexibility.

Arrangements for trustees

All trustee meetings took place virtually in 2020/21 and all trustees were able to fully engage at remote meetings. Sign-off processes outside of meetings were automated, in line with the boundaries of the governing documents.

Support for grant-holders

At the outset of the pandemic, the Nationwide Foundation was quick to reassure all grant-holders that their funding was secure and that it could be used flexibly. This allowed them to be responsive within their organisations and communities.

To offer further security as the pandemic progressed and became a longer-term encumbrance, the Nationwide Foundation set aside 25% of its anticipated grant-making budget for 2020/21 so that additional funding could be provided to existing grant-holders. An initial fund of £325,000 was boosted by an additional £400,000 in March 2021 in recognition of the ongoing impact that the pandemic was having on grant-holders.

This funding has allowed the Nationwide Foundation to:

- extend projects, initially by up to three months
- lift restrictions on funding of staffing costs for three months
- cover unforeseen project-related costs
- provide additional support to help projects adapt and survive e.g. technological costs incurred because of the pandemic
- set aside funds to help grant-holders recover from the delays and other impacts of the pandemic in the coming year.

Sheffield Hallam University surveyed grant-holders as part of its wider assessment of the Nationwide Foundation's activities. The survey results found that the response from the Nationwide Foundation was seen in a positive light from grant-holders and compared well with other charitable funders.

Understanding the wider housing sector

The UK's housing sector has undergone significant changes to policy, supply, demand and need during 2020/21. Of utmost importance throughout 2020/21 has been building an understanding of those changes to inform both the Nationwide Foundation's immediate response and its plans for the future of the Decent Affordable Homes strategy.

Decent Affordable Homes Phase Two

A summary of Decent Affordable Homes Phase Two, which began in 2016 and was ongoing throughout 2020/21, is shown below.

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

Our programmes are	Nurturing Ideas to Change the Housing System	Backing Community-Led Housing	Transforming the Private Rented Sector
The change we want to see (our outcomes)	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
To make the changes we want to see happen, our funding focusses on	<p>Generating more ideas on how to protect and increase the supply of decent affordable homes</p> <p>Having an improved understanding of which ideas have the potential to create change</p> <p>Changing policy and practice to support the implementation of ideas</p>	<p>Ensuring there is better access to information, support, advice and technical expertise that is needed to progress a scheme</p> <p>Increasing the availability of suitable and affordable finance at every stage</p> <p>Increasing access to land and properties currently not used as homes</p>	<p>Ensuring there is more robust evidence of the solutions to address the issues of cost, quality, security and access in the private rented sector is available and used to inform policy and practice</p> <p>Making sure tenants have a stronger voice in the debates on the private rented sector and housing</p>

Activities and Achievements

Grant-making

In the year 2020/21, the Nationwide Foundation awarded £1,320,412 in grant funding for charitable work that aligned with the objectives of Decent Affordable Homes Phase Two. This included the funding of new projects, the release of funds for multi-year grants and additional funding to existing grant-holders.

Influencing change

It is the Nationwide Foundation's belief that wholesale change is required across the UK housing system. This change will mean that effective and long-lasting improvements can happen to reduce the harm that poor quality and unaffordable housing causes and perpetuates. The Nationwide Foundation influences for positive change in two ways; indirectly, by funding others that share the Nationwide Foundation's vision, partnering with grant-holders to disseminate and amplify their evidence and learning; and directly, through its own activities.

Since the beginning of Phase Two of the Decent Affordable Homes strategy, the Nationwide Foundation has been developing and expanding its influencing activities across all three of its programmes to bring about changes to the housing system. It has increased its visibility and has had more influence in UK housing policy in comparison to Phase One of the strategy. This work is done in partnership with grant-holders.

During 2020/21, the Nationwide Foundation undertook significant engagement with external stakeholders to raise awareness of its work and to call for important and much-needed change.

These stakeholders have included but are not limited to:

- parliamentarians and civil servants
- housing experts and charities
- journalists and opinion-formers.

The majority of the Nationwide Foundation's influencing work was related to the four key priority areas identified during the year (noted in the summary of the year section). In each of these areas, the Nationwide Foundation worked both independently and with others to reach those making decisions.

While the result of this work has varied, by engaging in this work the Nationwide Foundation has developed important relationships with colleagues across the housing sector which position it well for the future. This is reflected by the final report from the Nationwide Foundation's independent learning partner, the Centre for Regional Economic and Social Research at Sheffield Hallam University, which stated, *"the Foundation has increased its attention on maintaining a strong network of stakeholders and other influencers and keeping them informed. The Foundation is generally seen as an "ally" in a number of important areas, and this position – which stops short of out-and-out campaigning – is seen as politically savvy."*

Activities and achievements: Phase Two

Nurturing Ideas to Change the Housing System

Activities and achievements

The Healthy Homes Act, Town and Country Planning Association (TCPA)

The Healthy Homes Act is proposed legislation that would ensure that all new homes meet standards that underpin good health. In 2020/21 TCPA began to secure support from parliamentarians for the Act and its 11 principles through roundtables (arranged in partnership with the Nationwide Foundation) and meetings with the right stakeholders. This led to the start of the legislative process via an Early Day Motion, as well as local authorities working on how they can apply the principles.

In support of the priority to influence positive changes through planning reform, the Nationwide Foundation provided funding to TCPA to respond to the government's planning reform consultation, incorporating evidence to demonstrate the importance of applying the Healthy Homes Act's principles within any new planning framework.

Affordable Housing Commission, The Smith Institute

The work of the Affordable Housing Commission continued to keep affordability in the minds of policymakers and also supported the Nationwide Foundation's priority to positively influence changes to the government's planning reforms. Specifically, it published a survey of social landlords' views of the impact that planning reforms could have on the delivery of affordable homes. This was launched at an event hosted by the Nationwide Foundation, the Affordable Housing Commission and the Chartered Institute for Housing. It was attended by key stakeholders, including senior members of the planning team at the Ministry for Housing, Communities and Local Government (MHCLG). The work of the Affordable Housing Commission is of great importance to the Nationwide Foundation, as it provides evidence and recommendations that have the power to change the housing system for the better in the long-term.

We Can Make, Knowle West Media Centre

We Can Make seeks to test a model for building innovative new-build affordable homes in Bristol, which could be replicated in post-war housing estates across the UK. During 2020/21 it made significant progress towards proving that its proposed model of housing delivery can work, with building work about to begin on its first two homes.

The project has established a new way of working with local authorities to amend design codes and allow planning permission to be more easily granted. It has also effectively engaged the community and local economy in the build process.

Learning and evaluation

The overall learning from the independent evaluation by Sheffield Hallam University was that the Nurturing Ideas to Change the Housing System programme has: *'been successful in generating a significant body of new ideas and support for an information base that will benefit the housing and related sectors for years to come.'*

Backing Community-Led Housing

Activities and achievements

Community Housing Fund, National Community Land Trust Network

The Nationwide Foundation worked in partnership with the National Community Land Trust Network to campaign for the government to renew the Community Housing Fund, which ended in March 2020. This work links directly to the Nationwide Foundation's strategic aim, that community-led housing should have access to sustainable and affordable finance at every stage so that it can be a greater force as a deliverer of decent affordable homes into the future.

Research part-funded by the Nationwide Foundation showed that for every £1 of public money invested, £2.70 is returned in benefit across the following decade. This research was shared with MPs, MHCLG and HM Treasury, to prove the impact of the Community Housing Fund. The Nationwide Foundation welcomed the news in February 2021 that £4m would be allocated for a renewed fund.

Communities Creating Homes, Wales Cooperative Centre

In November 2020, *Living in Co-operative or Community-Led Housing during Covid-19* was published, providing important evidence of the benefits of community-led housing during the pandemic, including on matters of practical help and emotional support. A well-attended virtual launch was held for this research, and work has been ongoing throughout the year to influence the policies of various political parties ahead of elections to the Welsh Parliament in May 2021.

Learning and evaluation

The overall learning from the independent review by Sheffield Hallam University was that the Backing Community-Led Housing programme: *'represents a significant and long-standing investment and one which the Foundation can claim to occupy a leading space in.'*

Transforming the Private Rented Sector

Activities and achievements

Renters' Reform Coalition

The priority under this programme was to influence the Renters' Reform Bill. This led to the Nationwide Foundation helping create and fund the Renters' Reform Coalition, a clear link with its long-term aim to strengthen the voice of renters. The coalition seeks to influence the Bill to ensure that it improves the experience of renting. Alongside abolishing 'no-fault' evictions under Section 21, the coalition supports more transformative measures regarding justice, safety, stability, and affordability.

No-DSS case, Shelter

During 2020/21 the Nationwide Foundation supported a discrimination case being brought by Shelter, where a private renter had been refused a tenancy by a letting agent on the basis that she was in receipt of housing benefit. The Nationwide Foundation's funding underwrote possible costs, allowing the court case to go ahead. In the final ruling, the judge declared that the actions of the letting agent were unlawful, setting a powerful precedent to protect tenants from 'no DSS' discrimination.

Living in poor conditions through Covid-19 research, University of Huddersfield and the Northern Housing Consortium

The Nationwide Foundation co-funded research that looked at the experiences of people living in poor quality accommodation in the north of England during the pandemic. Key findings were: a deterioration in property standards because repairs could not be carried out; serious problems with overcrowding; and communication issues with letting agents or landlords. This research was used to raise awareness of these issues with relevant parliamentarians. Importantly, the research added to the evidence base for solutions to address quality problems within the private rented sector.

Rent Better, Indigo House

Rent Better reported its baseline findings into tenancy changes brought forward by the Scottish government in 2016 and 2017. The research seeks to understand how tenancy reforms in Scotland have altered the sector and how changes might be brought forward for the rest of the UK. The findings were shared with both the Scottish government and MHCLG with the intention that these findings can be used to inform the Renters' Reform Bill. This work directly aligns with the strategic purpose of this funding, which is to provide robust evidence to inform policy changes for private renters.

Learning and evaluation

The overall learning from the independent review by Sheffield Hallam was that the Transforming the Private Rented Sector programme is: *'amassing an extremely powerful evidence base and... is providing a very strong platform for influence. Arguably [the programme] has brought the Foundation significant visibility in recent years and some of its biggest influencing successes – as well as demonstrating the value in flexibly responding to new opportunities within areas identified as priorities within the strategy.'*

Activities and achievements: Phase One (2013-16)

The Decent Affordable Homes Phase One strategy ended in 2016, so no new funding was awarded in 2020/21, however one multi-year grant was ongoing in the year.

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

At the end of 2020/21, **YMCA Glenrothes** was the only project that remained active under this strategic outcome. It is continuing its work to purchase empty homes and convert them into secure accommodation for vulnerable people. In many cases new tenants will have had previous contact with YMCA Glenrothes.

Future Plans

The ongoing impacts of the Covid-19 pandemic

The Nationwide Foundation will continue to increase its understanding of the impact of the pandemic on its staff, grant-holders and the wider sector, and adapt its approach appropriately.

Strategic review

The review of the strategy will complete in 2021/22, and the shape of Phase Three of the strategy will be agreed by the board in the first half of the year. Phase Three of the strategy will be an evolution of Phase Two, building on the learning and value of the funded work.

Grant-making activities

The Nationwide Foundation's grant portfolio is made up of mainly multi-year grants that will be ongoing during 2021/22 and the Nationwide Foundation will continue to work with these existing grant-holders.

Work due to be undertaken or completed in 2021/22 includes:

- Supporting the Town and Country Planning Association to progress the **Healthy Homes Act**
- Engaging with the government's proposed **planning reforms**, including the expansion of permitted development rights
- Amplifying the messages and policy recommendations of the **Affordable Housing Commission**, particularly the call for an adopted measure of affordability and the need for a long-term cross-party housing strategy
- Being actively involved in how the new £4m **Community Housing Fund** is spent, along with supporting the campaign for a longer-term funding settlement for community-led housing
- Supporting the **Renters' Reform Coalition** to influence the shape of the Renters' Reform Bill so that there is better protection to vulnerable people in the private rented sector
- Launching work by the **Centre for Housing Policy at the University of York** that considers if the lower end of the private rented sector is effective and sustainable at providing homes to its tenants
- Continuing the **Talking about Housing** project, including the dissemination of framing suggestions related to social housing, revealing how the UK public thinks and makes assumptions about housing, and assisting in the designing and testing of frames which will help shift public thinking.

The activities of Phase Two have amassed a powerful evidence base and the emphasis of Phase Three will be to share, amplify and use that learning. This is likely to lead to fewer new grants which reflects the maturity of the strategy, as well as an expected reduction in income.

Learning and evaluation

The Nationwide Foundation remains committed to continuous learning to inform its work. This commitment will continue to be an important part of the structure of Phase Three.

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 up to 10 trustees which set the policies and strategy of the Foundation and approves large grants. During 2020/21 nine trustees served on the board.
- Has seven trustees who are appointed by the board, following open advertisement and interview, and three trustees who are appointed by Nationwide Building Society.
- Appoints trustees for up to three, three-year terms following the consideration and approval of the board. All trustees undergo an in-depth induction and are offered training as well as opportunities to attend meetings with grant-holders alongside Nationwide Foundation staff. The board typically meets four times a year, plus an annual strategic away day.
- Has three trustee advisory committees and groups, to which it delegates various aspects of the Nationwide Foundation's work, with oversight and ratification of their decisions by the board:
 1. Finance and Risk Committee (comprising four trustees, the chief executive and accountant): in 2020/21 this committee advised on the audit, risk oversight, budget and investments.
 2. Nominations and Remunerations Committee (comprising five trustees including the chair, vice-chair and at least one Society appointed trustee who is included in the quorum): during 2020/21 this committee considered the timing of appointing a tenth trustee. This will take place in 2021/22.
 3. Strategy Steering Group (comprising five trustees, the chief executive, head of programmes and communications, policy and public affairs manager): this group was established in 2019/20 to consider the development of Phase Three of the Decent Affordable Homes Strategy. The working group will exist for the duration of the strategy review and initial implementation.
- Reviews its application of the Charity Governance Code every three years. This last took place in 2019/20 concluding that the Nationwide Foundation fully applies most of the recommended practices and its approach is in keeping with the spirit of the Code. Actions are in place to make improvements to a small number of partially applied recommended practices in relation to diversity. A new version of the Governance Code was published in 2020 and the Nationwide Foundation's practices will be reviewed against those changes ahead of the three-yearly review.
- Maintains a risk register to identify the major risks to which the Nationwide Foundation is exposed. During the year, the board reviewed the register. Major risks identified over 12 months were the loss of staff and uncertainty about strategic direction (due to the strategy review not being completed). Over three years the greatest risks were identified as reduced funding and projects failing to achieve outcomes.
- Undertakes an independent audit of its internal controls every two years. This last took place in 2019/20 and concluded that key controls worked, were efficient and built to last. Agreed actions for some improvements were completed during 2020/21.
- Has a conflicts of interest policy for both trustees and staff and maintains a register of declarations that is regularly shared with the board. 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.
- Reviews its governing document every three years. This last took place in 2019/20.

Staff

- The staff implement the policies and strategies set by the board.
- The trustees have delegated responsibility to the chief executive to approve grants of up to £75k.
- All staff are employed by 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 Nationwide Foundation's main benefactor and supplier of in-kind support, including office space and equipment.
- The Nationwide 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).

Fundraising activity

The Nationwide Foundation had no fundraising activities requiring disclosure under S162A of the Charities Act 2011. Almost all the Nationwide Foundation's income comes from an annual donation from Nationwide Building Society and a funding agreement is in place which sets out the basis for the donation.

Statement of trustees' responsibilities

The trustees (who are also directors of the Nationwide 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.

Disclosure of information to auditors

Each of the persons who are trustees at the time when this trustees' report is approved has confirmed:

- so far as that trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that trustee has taken all steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's 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 2020/21 totalled £2,282,589 (2019/20: £2,571,230). This is primarily made up of an annual donation from Nationwide in 2020/21 of £2,000,000 (2019/20: £2,400,000). In addition to the annual donation, in 2020/21, the Society made a one-off donation of £159,530 and donated services to the Nationwide Foundation totalling £95,782 (2019/20: £113,477). This represents the provision of office space, technology, legal and accountancy support.

The Nationwide Foundation's principal source of income is an annual donation from Nationwide Building Society. The donation is received annually and is at least 0.25% of Nationwide's pre-tax statutory profit averaged over three years. Nationwide provides a three-year donation floor to provide the Foundation with a commitment that supports the Foundation to plan for the medium-term. The floor can only be adjusted in specified extraordinary circumstances. Those extraordinary circumstances occurred in 2020/21 due to the impact of the pandemic. Nationwide Building Society provided confirmation early in the year that the donation floor would be honoured.

Expenditure

Expenditure for 2020/21 totalled £1,905,175 (2019/20: £3,465,235). The majority of the Nationwide Foundation's funds are used to award grants for charitable purposes, and to cover the costs of running the Nationwide Foundation. Grants are paid in instalments, and multi-year grants are released annually, subject to approval from the Chief Executive. Each grant is subject to monitoring to ensure satisfactory progress.

There was a reduction in expenditure in two areas during the year: support costs were lower due mainly to pandemic related travel restrictions, and grant expenditure was lower because the focus was on supporting and managing ongoing multi-year grants during the pandemic.

Reserves policy

The trustees review the reserves policy annually and monitor the level of reserves throughout the year. All the Nationwide Foundation's reserves are unrestricted and trustees set out how and why the funds should be designated as set out below:

Purpose for designation of funds	Amount designated at 31 March 2021	Explanatory notes
Phase 2: pledged	£1,466,751	These funds represent the total amount that has been pledged to fund multi-year grants. The funds will be recognised as expenditure in future years subject to the completion of a requirement attached to the grant, such as an annual report.
Phase 2: uncommitted	£284,691	These funds represent the amount that the board has allocated to Decent Affordable Homes Phase Two, but which have not yet been awarded. This amount is expected to be committed in full to new grants during 2021/22.
Phase 2: Covid-19 support fund	£655,507	During the year grants were awarded from a fund totalling £725k established to support existing grant-holders during the pandemic. The designated amount represents the value that had not yet been awarded at year end. Initially a fund of £325k, in June 2021, trustees added a further £400k to provide longer term support to grant-holders because of the effects of the pandemic. Funds are expected to be fully committed in 2021/22. Any monies not committed will return to the Future Fund.

Programme related investments	£253,811	Funds that have been awarded as programme related investments. For a full breakdown see note 10 to the financial statements.
Future fund	£1,017,858	Due to the expected reduction in income over the next three years, funds are set aside to top up the funds available for future grant-making to help to maintain the level of charitable activity as much as possible.
Contingency fund	£550,000	Ensures that, should there be an unexpected event, such as the withdrawal of support from its main benefactor, sufficient funds are available to manage all current funding commitments and allows the trustees time to consider what action should be taken. The trustees annually review the level of contingency funds required to continue functioning for up to three years after any withdrawal of funding.
Total designated funds:	£ 4,228,618	

Investment policy

The Nationwide Foundation's investment policy sets out following objectives:

- To produce the best financial return within an acceptable level of risk
- To preserve the real value of the capital
- To hold sufficient levels of liquid funds to make grant payments, award new grants, cover running costs and any unanticipated cash flow requirements.

The investment policy identifies the Foundation's attitude to risk which recognises that charitable activity is funded from the annual donation and the Foundation's activity is not reliant on income from investments. This is why preserving the value of the capital in real terms is an objective and minimal risks are taken. The policy specifies criteria that must be applied when making different types of investments to manage the risks. This includes spreading the funds across different financial institutions that meet a set of requirements, such as minimum credit ratings and being based in the UK.

The trustees have considered the ethical standards it wishes to meet through its investments and the following statement is included in the investment policy:

"The Nationwide Foundation is committed to ensuring that all investment decisions are made responsibly. The Foundation has a strong preference for an ethical investment portfolio that is consistent with the values and objectives of the Foundation."

In addition to the broad ethical considerations that take into account the impact that the assets being invested in have on society, specific consideration will be given to investment in assets that directly relate to the strategy at the time. The Foundation will not invest in assets that are in conflict with the strategic objectives.

The policy permits trustees to manage the Nationwide Foundation's investments up to an agreed amount. In 2020/21 this amount was £7.5m.

The investment policy is reviewed annually by the Finance and Risk Committee. Changes are agreed by the board.

Investments

The majority of funds are held in either fixed-term or instant access cash accounts on which interest is earned. Interest earned in 2020/21 totalled £27,277 (2019/20: £56,828).

In 2020/21 the Foundation held fund in CCLA's COIF Charities Ethical Investment Fund as it met the Foundation's risk requirements and ethical standards.

At 31 March 2021 the value of the investment was £622,515 (31 March 2020 £502,525) a gain of £119,990. The investment performance was strong throughout the year despite the pandemic and Brexit related economic uncertainty. The investment met the investment objectives set out above.

A review of the investment manager is carried out annually to assess the performance of the investment and the services of the manager.

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 existing social investments (£33,869 from Community Land Trust Fund II and £2,524 from Communities Housing Trust – previously HSCHT)
- One PRI of £20,000 to Wessex Community Assets was returned undrawn
- Interest earned during 2020/21: £2,476 (2019/20: £2,573).

Financial outlook

The Nationwide Foundation has a minimum donation committed from Nationwide for 2022 and 2023 which, due to pre-pandemic wider market conditions, is slightly less than 2020/21. The Nationwide Foundation had planned for this reduction in income by designating surplus funds in previous years to a future fund in order to smooth the reduction in income and maintain charitable activity as far as possible.

The longer-term economic outlook remains highly uncertain as the UK economy recovers from the impact of the pandemic and adapts to Brexit. The Nationwide Foundation’s trustees have considered how this uncertainty might impact future income. The trustees plan the budget carefully to ensure that a range of scenarios can be managed with minimal detriment to the Foundation’s charitable activities.

Guarantees

The guarantor 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 2021 was 9 (2019/20: 10). The members are only entitled to voting rights and do not have a beneficial interest in the charity.

Auditors

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

Approval

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

Approved by the board of trustees on 16 September 2021 and signed on behalf of the board of trustees by the chair and another trustee:

Chair

Saphié Ashtiany

Trustee.....

Sarah Mitchell

Trustees/Directors

Terrie Alafat ◊

Saphié Ashtiany (chair) ∞

Antonia Bance ∞

Sara Bennison † ∞

Rob Collins † ◊ (appointed 1 January 2021)

Gill Leng ◊

Judith McNeill

Sarah Mitchell (vice-chair) ◊ ∞

Usha Prashar † ∞ (appointed 7 September 2020)

Tony Prestedge † (retired 24 August 2020)

John Taylor ◊ (retired 10 September 2020)

Ian Williams † ◊ (retired 31 December 2020)

† Appointed by Nationwide Building Society

◊ Member of the Finance and Risk Committee

∞ Member of the Nominations and Remunerations Committee

Chief Executive: Leigh Pearce

Company Secretary: NBS CoSec Limited

Accountant: Oliver Robinson

Auditors: Crowe U.K. LLP, Aquis House, 49-51 Blagrove Street, Reading, Berkshire, RG1 1PL

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

Investment managers: CCLA Investment Management Limited and CCLA Fund Managers Limited, Senator House, 85 Queen Victoria Street, London, EC4V 4ET

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 The Nationwide Foundation

Opinion

We have audited the financial statements of The Nationwide Foundation ('the charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 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.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' 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 charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- adequate and proper 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; 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' exemptions in preparing the trustees' report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within

the charitable company for fraud. The laws and regulations we considered in this context were Charity Commission regulations, taxation legislation, employment legislation and General Data Protection Regulation (GDPR).

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within timing of recognition of income, the application of grant expenditure and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for bias, reviewing the grant recognition calculations and supporting documentation, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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

Alastair Lyon

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

Reading

Date: 8 October 2021

**THE NATIONWIDE FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2021
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**

	Notes	2021 £	2020 £
INCOME AND ENDOWMENTS FROM:			
Donations and legacies	2	2,159,530	2,400,925
Income from investments	3	27,277	56,828
Other income	4	95,782	113,477
Total income and endowments		2,282,589	2,571,230
EXPENDITURE ON:			
Charitable activities	5	(1,905,175)	(3,465,235)
Total expenditure		(1,905,175)	(3,465,235)
Net gains/(losses) on fixed asset investments	11	119,990	(47,475)
Losses from movements in foreign exchange		(9,162)	-
Net income/(expense) and net movement in funds		488,242	(941,480)
Fund balances brought forward		3,740,376	4,681,856
Fund balances carried forward	16	4,228,618	3,740,376

The notes on pages 24 to 33 form part of these financial statements.

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 (2020: £nil).

THE NATIONWIDE FOUNDATION
BALANCE SHEET
AS AT 31 MARCH 2021
COMPANY REGISTERED NUMBER: 3451979

	Notes	2021 £	2020 £
FIXED ASSETS			
Programme related investments	10	251,746	308,138
Investments	11	622,515	502,525
TOTAL FIXED ASSETS		874,261	810,663
CURRENT ASSETS			
Programme related investments	10	2,065	2,065
Debtors	12	14,208	41,119
Fixed term deposits		2,000,000	3,000,000
Cash at bank		2,112,280	1,416,012
TOTAL CURRENT ASSETS		4,128,553	4,459,196
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	13	(774,196)	(1,521,222)
NET CURRENT ASSETS		3,354,357	2,937,974
TOTAL ASSETS LESS CURRENT LIABILITIES		4,228,618	3,748,637
NON-CURRENT LIABILITIES			
Creditors: amounts falling due after one year	13	-	(8,261)
NET ASSETS	14	4,228,618	3,740,376
UNRESTRICTED FUNDS OF THE CHARITY			
Designated funds	16	4,228,618	3,740,376
TOTAL FUNDS		4,228,618	3,740,376

The notes on pages 24 to 33 form part of these financial statements.

The financial statements were approved by the board of Trustees on 16 September 2021 and signed on behalf of the board of trustees by the chair and another trustee

}

} Chair - Saphié Ashtiany

}

}

} Trustee - Sarah Mitchell

}

**THE NATIONWIDE FOUNDATION
CASH FLOW STATEMENT
AS AT 31 MARCH 2021**

	2021 £	2020 £
Cash flows from operating activities		
Net movement of funds per statement of financial activities	488,242	(941,480)
Adjustments for:		
Interest from investments	(27,277)	(56,828)
Decrease/(increase) in debtors	26,911	(14,526)
(Decrease)/increase in creditors	(755,287)	435,752
(Gains)/losses on fixed asset investment	(119,990)	47,475
Losses from movements in foreign exchange	9,162	-
Net cash (outflow)/inflow from operating activities	(378,239)	(529,607)
Cash flows from investing activities		
Fixed term deposits redeemed	3,000,000	3,300,000
Fixed term deposits issued	(2,000,000)	(1,000,000)
Interest from investments	27,277	56,828
Receipts/(payments) from programme related investments	56,392	(106,316)
Fixed asset investment issued	-	(550,000)
Net cash inflow/(outflow) used in investing activities	1,083,669	1,700,512
Effect of exchange rate changes on cash and cash equivalents	(9,162)	-
Increase/(decrease) in cash and cash equivalents in the year	696,268	1,170,905
Cash and cash equivalents at the beginning of the year	1,416,012	245,107
Total cash and cash equivalents at the end of the year	2,112,280	1,416,012

Cash and cash equivalents comprises cash at bank.

**THE NATIONWIDE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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 2019), 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 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).

Going concern

The charity has cash resources and has no requirement for external funding. The Trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and for the year ended 31 March 2021 have considered the ongoing impacts of the pandemic. They continue to believe the going concern basis of accounting is appropriate in preparing the annual financial statements.

Significant judgements and estimates

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

Accounting policies

The following accounting policies have been applied consistently in the preparation of the financial statements.

(i) Income

Both donation income and interest income are credited to the Statement of Financial Activities when a receipt is probable, there is evidence of entitlement and it can be measured reliably.

(ii) Grants

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

Accounting policies (continued)

(v) 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 appropriate.

(vi) 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 are set out in the notes to the financial statements.

(vii) Irrecoverable VAT

Irrecoverable VAT is charged to the Statement of Financial Activities.

(viii) 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.

(ix) Pension costs

The officers of the Foundation are part of 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.

(x) 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.

(xi) 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.

(xii) 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, debtor balances excluding prepayments, cash and cash equivalents, and financial liabilities referring to all creditor balances excluding deferred income.

(xiii) Fixed asset investments

Investments are stated at market value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations throughout the year.

(xiv) Gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Gains and losses are calculated as the difference between the market value at the balance sheet date and opening market value (or purchase value if the date is later).

Accounting policies (continued)

(xv) Foreign currency translation

Foreign currency transactions are translated into sterling using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are retranslated at the rate prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the retranslation are recognised in the statement of financial activities.

2. Donations and legacies

	2021	2020
	£	£
Nationwide Building Society	2,159,230	2,400,000
Other donations	300	925
Total	2,159,530	2,400,925

3. Income from investments

	2021	2020
	£	£
Bank interest receivable	24,801	54,255
Interest from programme related investments	2,476	2,573
Total	27,277	56,828

4. Other incoming resources

	2021	2020
	£	£
Donated services from Nationwide Building Society	95,782	113,477
Total	95,782	113,477

Donated services are analysed in note 5(b).

5. Analysis of total expenditure

2021	Decent Affordable Homes funding strategy	Governance costs	Total
	£	£	£
Charitable activities by objective			
Staff costs	394,466	26,018	420,484
Support costs	57,098	11,399	68,497
Grants	1,320,412	-	1,320,412
Donated services	88,579	7,203	95,782
Total	1,860,555	44,620	1,905,175

2020	Decent Affordable Homes funding strategy	Governance costs	Total
	£	£	£
Charitable activities by objective			
Staff costs	370,255	25,807	396,062
Support costs	188,684	13,522	202,206
Grants	2,753,490	-	2,753,490
Donated services	102,985	10,492	113,477
Total	3,415,414	49,821	3,465,235

For further analysis of staff costs see note 6.

5. Analysis of total expenditure (continued)

	2021 £	2020 £
(a) Analysis of support costs		
Administration and IT	45,387	52,222
Learning and evaluation	23,110	149,984
Total	68,497	202,206

	2021 £	2020 £
(b) Donated services		
Specialist staff services (note i)	29,782	47,477
Facility costs (note i)	66,000	66,000
Total	95,782	113,477

Note:

- i. Comparatives have been restated to reclassify £40,281 from 'Specialist staff costs' to 'Facility costs' to align with the current year presentation.

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.

	2021 £	2020 £
(c) Analysis of governance costs		
Staff costs	26,018	25,807
Trustees' expenses	-	828
Audit costs (inclusive of irrecoverable VAT)	11,399	11,289
Other administration costs	-	1,405
Donated services	7,203	10,492
Total	44,620	49,821

6. Staff costs

The officers of the Foundation are employed by Nationwide Building Society and assigned 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:

	2021 £	2020 £
Salaries	310,883	292,649
Social security	33,087	31,617
Pension contributions	76,514	71,796
Total staff costs	420,484	396,062

6. Staff costs (continued)

The average number of persons employed by the Society who acted as officers of the Foundation was 8 (2020: 8). The number of employees of the Society who acted as an officer of the Foundation receiving emoluments of over £70,000 and less than £80,000 was 1 (2020: 1). All staff receive emoluments, including benefits in kind, in accordance with Nationwide Building Society employment policies. For details of pensions costs see note 1(ix).

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

	2021	2020
Decent Affordable Homes funding strategy	7	7
Governance	1	1
Total	8	8

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

7. Net income resources for the year

Net income for the year is stated after charging:

	2021	2020
	£	£
Trustees' expenses	-	828
Auditors' remuneration:		
Audit services - current year	9,495	9,220

None of the trustees / directors received any emoluments in respect of services to the Foundation (2020: 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, because of travel restrictions, no trustees (2020: 5) received reimbursements of personal travel and subsistence expenditure (2020: amounting to £828).

8. Grants payable

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

All grants are made to institutions.

	2021	2020
	£	£
DECENT AFFORDABLE HOMES FUNDING STRATEGY		
Affordable Housing Commission	63,139	32,120
Action with Communities in Rural England	-	(1,791)
Citizens Advice	43,779	87,557
Covid-19 support fund (note i)	69,493	1,897
Decent Affordable Homes - Added Value (note i)	10,231	37,771
Shelter	2,124	-
South of Scotland Community Housing Trust (previously Dumfries)	43,956	44,714

8. Grants payable (continued)

East Midlands Community Led Housing	35,500	52,500
Fair Housing Futures	48,449	113,559
Housing Justice	43,680	91,857
Frameworks Institute	-	122,669
Communities Housing Trust (previously HSCHT)	90,000	80,000
Homeless Link	45,000	-
National Housing Federation	42,056	-
Indigo House	1,000	125,277
Tenants Union	25,338	63,344
National Community Land Trust Network	24,100	91,768
National Custom and Self Build Association	-	34,500
Networking and best practice for Tenants' Voice Programme	4,500	1,267
New Economics Foundation	62,468	104,114
Generation Rent	83,156	-
Camden Federation of Private Tenants	37,639	62,732
Housing Rights	52,280	74,010
Living Rent	28,415	28,415
Shelter (Bristol)	40,538	32,052
Test & Learn Fund	-	666,000
The Smith Institute	-	134,875
Town & Country Planning Association	23,356	141,098
University of Huddersfield	10,516	-
University of York	-	204,434
Wales Co-operative Centre	225,081	(3,954)
Knowle West Media Centre	-	220,247
Wellbeing Support Programme	42,000	-
Wessex Community Assets Ltd	47,618	45,406
West Kensington Community Homes Ltd	-	28,000
Young Foundation	-	(12,948)
Zacchaeus 2000 Trust	75,000	50,000
TOTAL GRANTS/(REPAYMENTS)	1,320,412	2,753,490

Note:

- i. Comparatives have been restated to reclassify £1,897 from 'Decent Affordable Homes - Added Value' to 'Covid-19 Support Fund' to align with the current year presentation.

9. Taxation

Corporation tax payable for the year ended 31 March 2021 was £nil (2020: £nil).

10. Programme related investments

	2021 £	2020 £
Non-current assets		
Wessex Community Assets	-	20,000
Community Land Trust Fund II	42,375	76,243
Communities Housing Trust (previously HSCHT)	59,371	61,895
Community Led Housing Fund	150,000	150,000
	251,746	308,138
Current assets		
Community Land Trust Fund I	2,065	2,065
	2,065	2,065
Total programme related investments at 31 March	253,811	310,203

The Foundation has four ongoing programme related investments:

- Wessex Community Assets was returned undrawn during 2020-21
- Community Land Trust Fund I is due to be repaid during 2021-22
- Community Land Trust Fund II is due to be repaid during 2021-22
- Community Led Housing Fund is due to be repaid during 2025-27
- Communities Housing Trust is due to be repaid over the next 16 years

11. Fixed asset investment

	2021 £	2020 £
Balance at 1 April	502,525	-
Additions	-	550,000
Revaluations	119,990	(47,475)
Balance at 31 March	622,515	502,525

The fixed asset investment comprises a common investment fund.

12. Debtors

	2021 £	2020 £
Accrued interest	7,201	36,741
Prepayments	7,007	4,378
Total	14,208	41,119

13. Creditors

	2021 £	2020 £
Amounts falling due within one year		
Grants payable	587,865	1,223,338
Programme related investment commitments	100,000	183,541
Other creditors	35,824	36,061
Accruals	50,507	78,282
Total	774,196	1,521,222
Amounts falling due after one year		
Grants payable	-	8,261
Total	-	8,261

14. Analysis of net assets between funds

	Designated Fund	
	2021 £	2020 £
Fixed assets	874,261	810,663
Current assets	4,128,553	4,459,196
Current liabilities	(774,196)	(1,521,222)
Non-current liabilities	-	(8,261)
Total	4,228,618	3,740,376

15. Financial instruments

	2021 £	2020 £
Financial assets measured at amortised cost	4,119,481	4,452,753
Financial assets measured at fair value	622,515	502,525
Financial liabilities measured at amortised cost	774,196	1,529,483

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

Financial assets measured at fair value comprises of a fixed asset investment.

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

16. Designated funds

The designated funds, represented below, are allocated as per the reserves policy described in the Director's Report and as per note 1(vi).

2020/2021	As at 1 April 2020	Incoming resources	Resources expensed	Transferred	Gains and losses	As at 31 March 2021
Decent Affordable Homes strategy:						
Future funds	547,982	2,186,807	-	(1,827,759)	110,828	1,017,858
P2: Uncommitted	-	4,851	(344,358)	624,198	-	284,691
P2: Pledged	2,320,475	(4,851)	(906,561)	57,688	-	1,466,751
Covid-19 support fund	-	-	(69,493)	725,000	-	655,507
Programme related investment	310,203	-	-	(56,392)	-	253,811
P2: Learning & evaluation	11,716	-	(23,110)	11,394	-	-
Running costs	-	-	(465,871)	465,871	-	-
Other designated funds:						
Contingency fund	550,000	-	-	-	-	550,000
Total	3,740,376	2,186,807	(1,809,393)	-	110,828	4,228,618

2019/2020	As at 1 April 2019	Incoming resources	Resources expensed	Transferred	Gains and losses	As at 31 March 2020
Decent Affordable Homes strategy:						
Future funds	1,078,305	2,457,753	(2,753,490)	(187,111)	(47,475)	547,982
P2: Pledged	2,687,964	-	-	(367,489)	-	2,320,475
P2: Programme related investment	203,887	-	-	106,316	-	310,203
P2: Learning & evaluation	161,700	-	(149,984)	-	-	11,716
Running costs	-	-	(448,284)	448,284	-	-
Other designated funds:						
Contingency fund	550,000	-	-	-	-	550,000
Total	4,681,856	2,457,753	(3,351,758)	-	(47,475)	3,740,376

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

17. Related parties

The Nationwide Foundation is an independent charity, set up and funded by Nationwide Building Society (“the Society”). A legal contract called the Framework Agreement sets out the working relationship between the Society and the Nationwide 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 Nationwide 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. For both the years ended 31 March 2020 and 31 March 2021, one related party transaction was registered: One trustee (Saphié Ashtiany), was also a trustee of the Joseph Rowntree Foundation (JRF). In 2019/20 the Nationwide Foundation agreed to jointly fund the Frameworks Institute with JRF with a multi-year grant. The trustee was not involved any decisions relating to the grant paid.

Total aggregate compensation paid to key management personnel (the Chief Executive) amounts to £92,958 (2020: £97,037).

18. Post balance sheet events

In May 2021, a donation of £1,770,000 was received from the Nationwide Building Society. These funds were designated for the Decent Affordable Homes Strategy as per the reserves policy in the Annual Report.