



**Annual
report
and
financial
statements
2018**



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Chair's foreword

I was fortunate to become Chair of the Nuffield Foundation during its 75th anniversary year. This anniversary gave us the opportunity to reflect on the Foundation's past achievements as well as to galvanise our efforts to implement our ambitious strategy. This mix of reflection and focus on contemporary challenges was perfectly encapsulated by Baroness Hale, President of the Supreme Court in her lecture to commemorate our anniversary. Reflecting not only on her judicial experience but also her time as a Trustee of the Foundation, she traced the journey of research from an idea through to its ability to effect systemic changes that improve individual lives.

Seventy-five years on from its inception, the Foundation continues to work towards improving the lives of the disadvantaged and vulnerable, empowering people through education, and recognising the value of research and innovation to drive positive change. The report that follows sets out the work we have undertaken in 2018 towards achieving this mission via the commitments set out in our strategy.

My term as Chair succeeds that of Professor David Rhind, who served as a Trustee of the Foundation for ten years and Chair for eight. On behalf of my fellow Trustees and all at the Foundation, I extend my thanks to David for his shrewd and thoughtful leadership. A renowned geographer and social scientist, David's insight and ambition enabled the Foundation to go from strength to strength,

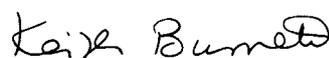
not least by ensuring we capitalise on the growth of our endowment by making more funds available for charitable expenditure. We will continue to see his influence in the years to come as we make grants from our Strategic Fund.

In this report, we account for our charitable expenditure for 2018, which was £18.3 million, an increase on £14.6 million in 2017.

This is indicative of our plans to increase expenditure over the period to 2023. We have launched the Ada Lovelace Institute with a £5 million commitment from the Strategic Fund, put in the place the infrastructure for the Nuffield Family Justice Observatory with a £2.2 million grant to establish a data partnership, made £10.2 million of research grant commitments, and re-launched our £12.5 million Oliver Bird Fund for research into musculoskeletal (MSK) conditions.

These new developments require additional oversight, and I am delighted that we have been able to appoint Sir Alan Wilson and Sir James Munby to Chair the Ada Lovelace Institute and the Nuffield Family Justice Observatory respectively.

Finally, I would like to extend my thanks to the Foundation's staff, partners and grant-holders who work with us to deliver our research and programmes. We are grateful to our Q-Step and Nuffield Research Placement co-ordinators, and to all those who ensure we continue to fund rigorous research by giving their time to peer review proposals.



Professor Sir Keith Burnett
Chair

Chief Executive's foreword

2018 was the first full year of our five-year strategy and we have made good progress against our main goals, which are increasingly reflected in our new projects, programmes and grants. We are becoming a more engaged funder, working closely with grant holders to ensure a greater profile and influence for their work among the audiences we seek to reach. We are also beginning to take a more analytical approach to our performance and impact.

We have launched a number of new, large-scale projects. The Ada Lovelace Institute will address the ethical implications of the impact of AI on people and society; the Nuffield Family Justice Observatory will bring together the cumulative weight of the Foundation's work in this field and connect it to those responsible for both policy and practice. In addition, we have re-launched the Oliver Bird Fund to provide over the next decade a £12.5 million funding opportunity for research into the social causes and implications of musculoskeletal conditions. We have increased our expenditure on research grants in our core domains of Education, Welfare and Justice. This includes a £2.5 million grant to the Institute for Fiscal Studies (IFS) for an international comparative study of the nature of inequality in the 21st century. It will be chaired by the Nobel Laureate, Sir Angus Deaton.

Meanwhile our student programmes have continued to change the lives of individuals, with a marked increase in the proportion of students from disadvantaged backgrounds gaining places on the Nuffield Research Placements programme, at 64% up from 50% two years ago.

Our growing ambitions require a significant increase in our organisational capacity. We have appointed new Programme Directors to lead our work in our Justice and Welfare domains; they will work with our Director of Education to develop cross-cutting projects that reflect the Foundation's core interests in research and programmes to improve the lives of the disadvantaged and vulnerable. We have also expanded and reorganised our communications, finance and programmes teams. We are comprehensively updating our systems, including provision of an online application service that will go live in 2019. We have always sought to be an open, collaborative and engaged funder that offers more than just money, and the coming year will see us enhance this further with a refreshed brand and new Foundation website.

This year's Annual report gives a clear picture of our accelerating activities but it also reveals how much remains work in progress whose impact will be realised in years to come.

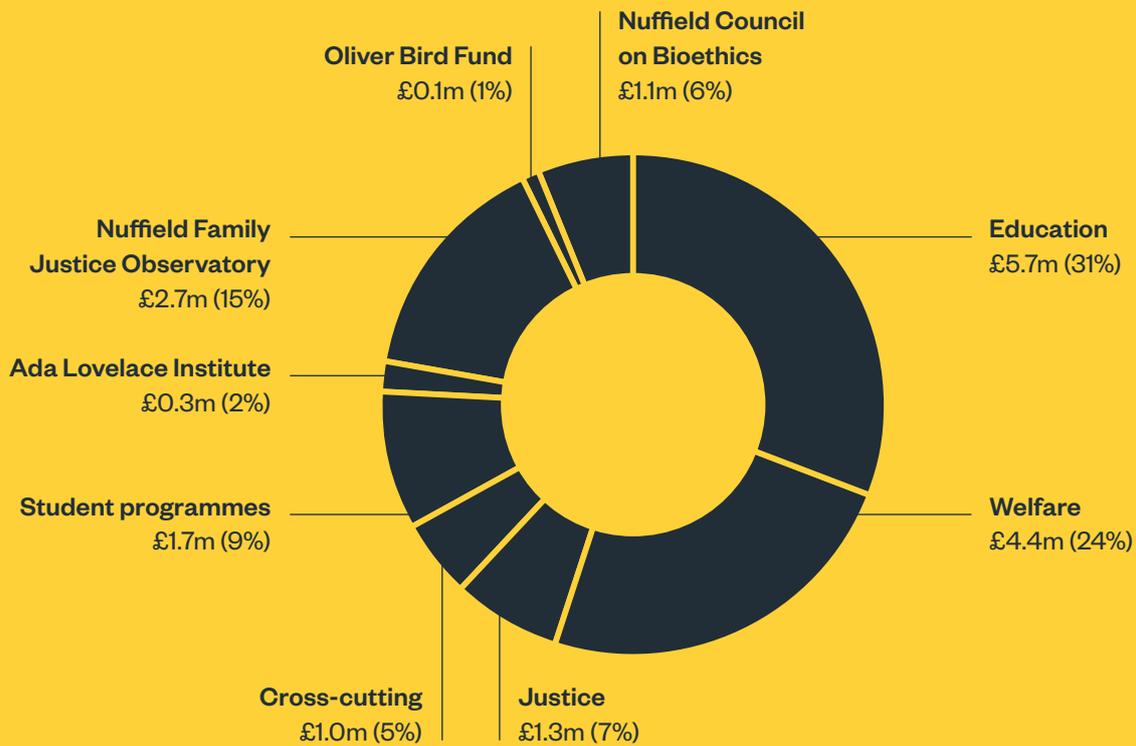


Tim Gardam
Chief Executive

The year in numbers

Charitable expenditure of £18.3m in 2018

Nuffield Foundation - Annual report 2018



Most of our charitable expenditure in Education, Welfare, Justice and cross-cutting projects is comprised of grants awarded for research, development and analysis projects.

£12.9m

of grants awarded comprised of

42

new projects

+18

projects underway

Applicants submit a short outline application, and those that meet our criteria are invited to submit a full application, which is subject to independent peer review and considered by Trustees.

356

outline applications received*

67

full applications invited and considered*

* These are 'snapshot' figures for the 12-month reporting period, and not the 'pipeline' of applications from outline to successful award.

Current portfolio of research, development and analysis grants

Most of the projects we fund are undertaken over a period of several years, so at any one time, we are managing more than just those awarded in the reporting year. At the end of 2018 we were managing:

166

research, development and analysis projects with a total value of

£35.8m



Who do we fund?



The year in numbers

Nuffield Research Placements

Student programmes



1,134 students
placed (compared to 1,138 in 2017 and 1,213 in 2016)

90% of students
completed a placement (1,024 students)

64% of students
who participated received a bursary
(compared to 57% in 2017 and 50% in 2016)

64% of students
are the first in their family to go to university
(compared to 53% in 2017 and 49% in 2016)

Q-Step



9,564 students
students enrolled on 184 modules
(compared to 8,527 in 2017 and 7,994 in 2016)



1,940 students
students enrolled on 64 Q-Step degree
programmes (compared to 1,231 in 2017 and 694 in 2016)



311 students
students undertook
work placements
(compared to 228 in 2017 and 173 in 2016)

Communications and engagement



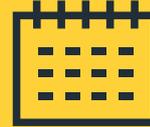
The Nuffield Foundation mentioned

218 times

in the UK media, including

21

broadcast mentions (compared to 172 mentions last year)



Convened

73 meetings and events

at the Foundation, attended by

1,711 people

(compared to 84 meetings and events last year)



541,192 visits

to the Nuffield Foundation website (excluding the Practical Biology microsite), a 1.6% decrease on the previous year



29%

increase in Twitter followers (to 8,249) over the course of the year



Email newsletter open rate of

32%

(compared to 27% in 2017) and click through rate of

6.3%

(compared to 5.7% in 2017)

15%

increase in subscribers to our e-newsletter (to 3,917) over the year

Objectives and activities

The Nuffield Foundation's purpose is to advance social well-being and educational opportunity across the UK. We want to improve people's lives and their ability to participate in society, through better understanding of the social, economic, technological and demographic factors that affect their chances in life.

We do this by:

- Funding research that aims to improve the design and operation of social policy, particularly in Education, Welfare, and Justice.
- Bringing together researchers and users of research to develop and shape new research questions, and to increase the impact of the work we fund.
- Improving the accessibility, use, and collection of the evidence and data necessary to understand the issues affecting people's live chances.
- Considering the broader implications of a digital society.
- Increasing the impact of our research portfolio, including through the synthesis of evidence from multiple projects, and convening of people and ideas.
- Funding student programmes that provide opportunities for young people, particularly those from disadvantaged backgrounds, to develop their skills and confidence in quantitative analysis and scientific methods.
- Funding and hosting the Nuffield Council on Bioethics, an independent body that examines and reports on ethical issues in biology and medicine in order to assist policy making in the public interest. The Council also receives funding from the Wellcome Trust and the Medical Research Council.

We assess our success against our aims and objectives by:

- Analysing the end of project assessments required of our grant-holders in which they evaluate their project against its original objectives. We use this information to shape and refine our criteria for funding and to improve the service we provide to applicants and grant-holders.
- An internal annual review of progress against the goals set out in our strategy.
- Undertaking internal reviews of different thematic areas of research projects we have funded to assess their value and impact as a body of work. Amongst other things, this enables us to see gaps in evidence, which informs the development of new research priorities.
- Evaluating performance of our student programmes by key indicators such as number of students benefitting, the proportion from disadvantaged backgrounds, the number of new placements secured and so on.
- Commissioning independent evaluations of our student programmes (two such evaluations are currently underway for Nuffield Research Placements and Q-Step).

We are continuing to develop our success framework with the aim of better demonstrating how the work we undertake contributes to our mission to advance social well-being.

Achievements and performance

In this section, we report on our achievements and performance against the four strategic goals set out in our five-year strategy, of which 2018 was the first full year.

Strategic goal one – research portfolio

We will fund research that advances educational opportunity and social well-being across the United Kingdom. We will shape our research portfolio by bringing together researchers and users of research to identify the larger questions in our core areas of Education, Welfare and Justice.

Our mission is to advance social well-being, and we believe this depends on people's potential being fulfilled through education and skills, their access to social and economic resources, and their ability to exercise their rights, particularly in relation to the State. Our objective therefore is to focus on three broad public policy domains which we identify as underpinning a well-functioning society: **Education, Welfare, and Justice.**

We also fund projects that cut across these domains and projects related to the work of both the Ada Lovelace Institute and the Nuffield Family Justice Observatory. We continue to fund the work of the Nuffield Council on Bioethics, alongside Wellcome and the Medical Research Council.

We made £10.2 million of new research grant commitments in our core domains of Education, Welfare and Justice and on cross-cutting projects, a similar level to 2017 (this is a particular achievement given that we had a temporary reduction in the number of Justice applications considered due to recruitment of key personnel in our Justice team). Additionally, £2.6 million of grant commitments were made by the Ada Lovelace Institute and the Nuffield Family Justice Observatory. A full list of all grants awarded during 2018 can be found on page 38.

For our first strategic goal, we report on each of our core domains, noting particular highlights in terms of research outputs published, and examples of policy and practice impact.

Education

Within our Education domain, our objective is to improve evidence, policy, and practice in education and skills, from early childhood onwards. Our portfolio also includes research into wider influences on life chances, such as the role of families. Within this, our funding priorities include (but are not limited to): early years education and childcare; skills; teaching quality; young people's pathways; and educational disadvantage.

During 2018 we funded 24 new projects and provided funding for additional work on five projects funded in previous years with a total value of £4.7m. Combined with ongoing projects from previous years, this means that at the end of 2018 we were managing 89 education projects with a total value of £14.5m.

Key education outputs published in 2018

What: Evaluating the impact of nursery attendance on children's outcomes

Who: Dr Jo Blanden, University of Surrey

Headline finding: Early childhood education has had little impact on outcomes since the inception of the free entitlement to part time nursery care for 3-year-olds.

The researchers argued that politicians must now focus efforts on improving the quality of early years education.

What: Economy, Society and Public Policy, a free online 12-unit introductory economics course for non-specialists

Who: Professor Wendy Carlin, University College London

Main output: The team published a beta version of the online resource



in summer 2018. The main target audience is students (undergrad or postgrad), who are not studying economics already, but who want to take an economics course.

What: Low attainment in mathematics: an investigation of Year 9 students

Who: Professor Jeremy Hodgen, University of Nottingham

Headline finding: Primary school pupils should use calculators regularly but not every day. Secondary school students should have more frequent access to calculators so that they are able to make decisions about when, and when not, to use them.

What: Socio-economic differences in grammar school access and outcomes
Who: Professor John Jerrim, UCL Institute of Education

Headline finding: Grammar school pupils do not gain any advantage over children who do not attend a grammar school by age 14. Children from rich families are much more likely to secure grammar school places as they reap rewards from private tutoring.

What: Teacher workforce dynamics
Who: Jude Hillary, National Federation for Educational Research (NFER)

Headline findings:

- With rising pupil numbers, shortfalls in the number of trainee teachers and an increasing proportion of teachers leaving the profession, retaining teachers who are already in the profession is all the more important for managing the current and future supply of teachers.
- Teachers work an average of 50 hours per week during term time, more than police officers (44 hours) and nurses (39 hours).

What: Segregation of early years education settings

Who: Dr Kitty Stewart, Centre for the Analysis of Social Exclusion (CASE), London School of Economics (LSE)

Headline finding: Free nursery places disproportionately benefit children from higher income families.

What: Post-16 maths in England

Who: Professor Rebecca Allen, FFT Education Datalab

Headline finding: In the most disadvantaged schools, students across all year groups are much more likely to be taught by an inexperienced teacher. Key Stage 5 maths students in the most disadvantaged schools are almost twice as likely to have an inexperienced teacher as those in the least disadvantaged schools (9.5% versus 5.3%).

What: Improving pre-schoolers' number foundations

Who: Dr Jo Van Herwegen, Kingston University

Main output: A series of number games for nurseries and parents proven to boost pre-school children's confidence and ability in maths in just five weeks.

What: Understanding the self-improving school-led system

Who: Professor Toby Greany, UCL Institute of Education

Headline finding: Two-thirds of head teachers believe that inequalities between schools are becoming wider as a result of the government's self-improving school-led system, which has become an overarching narrative for education policy since 2010.

What: The importance of parental beliefs in parental investment decisions

Who: Dr Teodora Boneva, University College London (UCL)

Headline finding: Parents consider that spending money on learning resources such as books, educational games and private tuition for their children is more productive if the child attends a higher quality school.

What: New microsite for GCSE and A Level results day analysis

Who: Dave Thomson, FFT Education Datalab

Main output: A new microsite to help explore trends in national A level, AS level and GCSE entry and results data from 2014 to 2018.

What: Employment trajectories of STEM graduates

Who: Professor Emma Smith, University of Warwick

Headline finding: The majority of science graduates choose not to – or are unable to – work in highly skilled science, technology, engineering and maths (STEM) occupations at any time in their careers.

What: Developmental dyscalculia and order processing

Who: Dr Kinga Morsanyi, Queen's University Belfast

Headline finding: Many children are suffering from dyscalculia, an often undiagnosed developmental condition which affects their ability to learn maths.

What: 2018 annual report on education spending in England

Who: Luke Sibieta, Institute of Fiscal Studies (IFS)

Headline finding: Funding for 16- to 18-year-olds and for general further education has been cut much more sharply than funding for schools, pre-school or higher education.

What: The shape of public spending on education

Who: Luke Sibieta, IFS

Headline finding: School funding has become much more targeted at poorer pupils. In 2003, there was already a £3,500 funding advantage in total school funding in favour of pupils from poorer families (looking over 12 years of schooling). This grew to £9,500 by 2010, such that pupils in the poorest fifth of households received 20% more funding on average while at school than those from the richest fifth.

What: Evaluating a parent-delivered language enrichment programme

Who: Professor Charles Hulme, UCL

Headline finding: The results of the study showed that Parents and Children Together (PACT), a parent-delivered language teaching programme, can lead to gains in children's early language and emergent literacy skills.

What: Modern Foreign Languages, phonics and reading strategies

Who: Dr Robert Woore, University of Oxford

Headline finding: The quality of reading materials and approach to teaching are linked to foreign language attainment in young people.

What: Survey of further education maths teacher workforce

Who: Professor Andrew Noyes, University of Nottingham

Headline finding: Building a high-quality maths teaching workforce in further education requires a better understanding of career pathways, differentiated high-quality initial training and more subject-specific professional development.

Policy and practice impacts of Education projects

Effective early years education

Following our dedicated call for early years intervention projects as a part of our strategic partnership with the Education Endowment Foundation (EEF) in 2017, we currently fund a number of rigorous evaluations of interventions for children from birth up to the age of five years and their parents.

The types of evaluation we fund span the development and piloting of new interventions from pre-trial development and testing, to randomised controlled trials from more established programmes.

In January, Oxford University Press was announced as the new publishing partner for the Nuffield Early Learning Intervention (NELI) for children in the first year of school. The Nuffield Foundation has supported this programme from its initial development and early trialling through to the EEF-funded randomised controlled trials that showed it improves the vocabulary, grammar and listening skills of children by as much as four months. We were pleased that NELI was awarded 3 stars in the Reception category of the Teach Early Years Awards 2018. More than 400 nominations were whittled down to 60 finalists who were judged to be effective and value for money.

Dr Jo Van Herwegen from Kingston University devised a series of number games as part of her project aiming to improve

pre-schoolers' number foundations. The Preschool Number Learning Scheme is now being used in over 250 settings within the UK and internationally.

In November, the EEF began an effectiveness trial of the Nuffield-funded PACT programme which aims to provide parents with the skills, strategies and resources to support their children's language development. A previous trial found that children who took part in the programme saw a greater improvement in their language skills than those who did not.

Research by Dr Danielle Matthews from the University of Sheffield published in 2017 found that by 18 months, children from low socio-economic status families tend to have smaller vocabularies than their more advantaged peers. This research has informed the work of Save the Children and the National Deaf Children's Society. The research was cited in the Bercow 10 Years On report published in March 2018 and the team have secured funding from the ESRC and the University Legacy Fund to conduct further research.

Dr Jo Blanden from the University of Surrey's study on early childhood education found limited evidence for the impact of the free entitlement for early childhood education on children's educational attainment, since the policy was introduced in 1998. The policy was found to be funding places for children whose parents would have otherwise paid for a place. However, some differences were seen in outcomes for children who attended different nurseries, leading the research team to urge government and researchers

The Nuffield Early Learning Intervention improves the vocabulary, grammar and listening skills of children by as much as four months.

to focus on quality of provision. The research team were invited to present their findings to analysts at the Department for Education, who went on to brief ministers.

Educational progress of children in care

In February, Professor Judy Sebba from the University of Oxford's work on the educational progress of looked after children was referenced in the government's independent review of foster care in England. The review, conducted by Sir Martin Narey and Mark Owers, made 36 recommendations for government, local authorities, and independent fostering agencies. To investigate this subject further, we have since funded Dr Eran Melkman from the Rees Centre at the University of Oxford to undertake a study on the predictors of care leavers' education and employment outcomes at age 21, and to explore their perspectives on the barriers and facilitators to participation in education, employment and training.

Post-14 pathways

In February, the then School Standards Minister, Nick Gibb referenced Nuffield-funded work from the UCL Institute of Education's Dr Jake Anders in an address to Education Ministers from across the Commonwealth. This followed previous reference to the research in a speech delivered by the Minister at the ResearchEd national conference in 2017.

The researchers found that pupils, particularly girls, taking EBacc subjects for GCSE were more likely to stay in education after 16. The Department for Education then referenced the research in Facebook advertising targeted at parents. Whilst the government has adopted the messaging of the report, however, this has not necessarily been reflected in changes to policy.

Research by Professor Anna Vignoles from the University of Cambridge on the long-term earnings of graduates, completed in 2016, has continued to have impact. Professor Vignoles used anonymised tax data and student loan records for over 260,000 graduates across institutions and subjects to explore earnings over the first decade of their working lives. She also explored other issues such as gender gaps and the persistence of socio-economic factors. This work revealed the limitations of Higher Education as a driver of social mobility and has been influential in policy debates about future funding models, such as the Education Select Committee's Value for money in higher education report published in November 2018. Perhaps most significantly, the project's innovative use of big data convinced the Department for Education of the value and feasibility of linking earnings and education data, which it is now developing through the experimental new dataset on longitudinal educational outcomes (LEO) – a major new resource for policy-makers, the higher education sector and researchers.

We are continuing to fund work in this area, including an 18-month project from the Institute of Employment Research at the University of Warwick to extend its research into the experiences of graduates in the UK labour market.

More than just money – how our work to convene, synthesise and engage increases the impact of the projects we fund.

Case study

Teacher workforce

Teacher recruitment and retention is a critical policy issue and a strategic priority for our work in education. We worked with National Foundation for Educational Research (NFER) to increase engagement with findings and recommendations from its Nuffield-funded study on teacher supply and retention. We also published our own report on how secondary schools have responded to a shortage of maths teachers, and the impact this has had on students.

In October, we convened a seminar to discuss the implications of the NFER project, which examined issues such as the dynamics of retention, turnover and career breaks; the employment journeys, experiences and motivations of teachers joining or leaving teaching; and the challenges in comparison with other public sector professions. The research confirms that there are chronic problems in the recruitment and retention of teachers, particularly in shortage subjects and in certain areas of the country.

Working with the NFER, we were able to engage school leaders, teaching unions, policy makers and the media with the project, and have seen this bear fruit in its impact on the Department for Education's Teacher Recruitment and Retention strategy which

was published in early 2019. The strategy places an increased focus on teacher retention and presents strategies for maximising it, citing the work by NFER and the Foundation. The project also features extensively in a House of Commons library briefing on teacher recruitment and retention in England.

To complement this research, we commissioned Professor Rebecca Allen and Dr Sam Sims from FFT Education Datalab to examine how secondary schools have responded to a shortage of maths teachers, and the impact this has had on students.

The findings show that schools are coping with the maths teacher shortage by deploying their most experienced and well-qualified teachers for year groups where exam stakes are high, with the knock-on effect that Key Stage 3 pupils are being taught maths by less experienced teachers who are less likely to have a maths degree. In schools in disadvantaged areas, pupils across all year groups are much more likely to be taught by an inexperienced teacher. We published a report of this work in June, which has been widely distributed in the research and policy community and featured in the broadsheet and education media.

Welfare

Through our Welfare portfolio we aim to improve economic and social well-being across the life course. Within this, our funding priorities include (but are not limited to): family dynamics and labour market outcomes; social and economic outcomes in later life; and geographical inequalities.

During 2018 we funded eight new welfare projects and provided additional work on one project funded in a previous year with a total value of £3.9m. Combined with ongoing projects from previous years, this means that at the end of 2018 we were managing 30 welfare projects with a total value of £8.4m.

Key welfare outputs published in 2018

What: Understanding Britain's fall in real wages from 2008 to 2014

Who: Professor Paul Gregg, University of Bath

Headline finding:

- Pay growth has not recovered to pre-crisis levels, despite unemployment not only recovering but falling further to a 40-year low of 4%.
- Three in four workers experience fluctuating pay packets, with low paid workers most exposed to big downward changes in their monthly take-home pay.

What: Improving survey data on separated families

Who: Caroline Bryson, Bryson Purdon Social Research

Main output: Working with the *Understanding Society* Innovation Panel, the researchers tested new longitudinal survey questions to address some of the evidence gaps relating to the lives of separating and separated families in the UK, including the reasons why families separate.

What: The costs and trade-offs of reforming long-term care for older people

Who: Professor Ruth Hancock, University of East Anglia

Headline finding: A £36k lifetime cap on care costs for older people would cost £3.6 billion by 2035. Rolling out a minimum level of social care to all older people with high needs and limited resources would cost a similar amount.

What: IFS Green Budget 2018

Who: Paul Johnson, Institute for Fiscal Studies

Headline finding: Delivering the “end to austerity” promised by the Prime Minister would require an additional £19 billion a year (in today's prices) by 2022–23 relative to current plans. And this would still leave social security cuts worth £7 billion working their way through the system.

What: Multidimensional child poverty and disadvantage

Who: Dr Polly Vizard, CASE, LSE

Main output: New findings on the outcomes amongst groups of children that are ‘hidden’: young carers; gypsy, traveller or Roma children; recent migrant families; and children at risk of abuse or neglect. And clear recommendations for building up the data infrastructure for these groups in the future.

Policy and practice impact of welfare projects

IFS Green Budget 2018

The IFS Green Budget is published ahead of the Autumn budget every year and provides independent expert analysis of the challenges facing the government on public finances, and the available policy options and trade-offs. The impact of the Green Budget on public discourse is evident in the extent of the media and social media engagement it generates, but the immediate policy impact is questionable due to the political maelstrom created by Brexit.

Economic and social vulnerability

We were pleased to see research by Dr Polly Vizard from CASE LSE on child poverty and multidimensional disadvantage having some early impact on the Children's Commissioner for England's workstream on vulnerable children, leading to the research team producing a special briefing on children exposed to domestic violence. Dr Vizard has also written a submission to the UN Special Rapporteur on Extreme Poverty.

Research from Dr Carlos Vargas-Silva from the University of Oxford has informed government and third sector thinking on the substantial economic disadvantage that refugees face compared to other

migrants in the UK. The research has informed the work of the Home Office, the Ministry of Housing, Communities and Local Government, the Department for International Development, the Red Cross and the Refugee Council. Dr Vargas-Silva has also written for the journal, *Public Health*.

We hope to add to the collective impact of our projects related to refugees next year with the publication of Dr Francesco Fasani from Queen Mary, University of London's examination of asylum policies in Europe and the role of empirical evidence in policy making. Dr Fasani has already written about the research for *VoxEU* and *The Conversation* and will report in full in 2019.



Justice

Within our Justice domain, our objective is to help people who are seeking to resolve legal problems – including those which concern their rights in relation to the State – by facilitating changes in the justice system based on sound evidence. Within this, our funding priorities include (but are not limited to): family and youth justice and the links with the child protection system; incentives and structures for encouraging good early decision-making that could avoid disputes before they get to court (including in civil and administrative/tribunal justice disputes); and the participation and rights of vulnerable people within the legal system.

During 2018 we funded four new projects and provided additional work on eight projects funded in a previous year with a total value of £1.0m. This was lower than usual due to a temporary postponement of new outline applications while we recruited key personnel in our Justice team. Notwithstanding this lull, we were still managing 31 justice projects with a total value of £6.8m at the end of 2018. With a new Justice team now on board, we expect to see an increase in projects funded in 2019.

Key justice outputs published in 2018

What: The dissemination of lessons from research to the judiciary

Who: Professor Kate Morris, University of Sheffield

Headline finding: Dissemination of child welfare research to the judiciary is ‘complex and fragmented’. The researchers suggested that the Nuffield Family Justice Observatory could play a vital role in improving research dissemination to the judiciary.

What: Defended divorce in England and Wales

Who: Professor Liz Trinder, University of Exeter

Headline finding: Defending a divorce is expensive, complicated, and unlikely to succeed, making it an inaccessible option for most people, and an ineffective and unfair legal process.

What: Final settlements in financial disputes following divorce

Who: Dr Emma Hitchings, University of Bristol

Headline finding: The vast majority (84%) of financial settlements between divorcing couples are immediate clean breaks. Spousal support orders are unusual and tended to be limited to cases involving families with dependent children.

What: Care Crisis Review

Who: Cathy Ashley, Family Rights Group

Headline finding: Professionals are frustrated at working in a sector that is overstretched and overwhelmed and in which children and families are not getting the direct help they need to prevent difficulties escalating. Poverty and deprivation are making it harder for families and the child protection system to cope. A culture of blame, shame and fear has permeated the system.



What: The impact of litigants in person on the Northern Ireland court system

Who: Professor Gráinne McKeever, Queen's University Belfast

Headline finding: People who go to court without a lawyer face barriers that can impact on their right to a fair trial.

What: Siblings, contact and the law

Who: Professor Daniel Monk, Birkbeck College, University of London

Headline finding: Care and adoption proceedings rarely establish contact orders between siblings. Judicial awareness of the possibility of making orders is not in doubt, but there appears to be a lack of clarity about when, in practice, it might be appropriate for them to be made.

What: Inequalities in child welfare intervention rates

Who: Professor Paul Bywaters, University of Huddersfield

Headline finding: 'White British' children are ten times more likely to be in care than 'Asian Indian' children. 'Black Caribbean' children are 20 times more likely. These inequalities are poorly understood and little attention is paid to them in children's services policy.

What: A new approach to data visualisation in children's social care to identify inequalities in child welfare intervention rates

Who: Renuka Jeyarajah-Dent, Coram

Anticipated outcome: More effective visualisation of children's journeys through services for professionals making decisions on behalf of children.

Policy and practice impact of justice projects

No fault divorce

Last year we reported on the initial impact of our *Finding Fault* report, which presented Professor Liz Trinder's research on how divorce law is working in practice in England and Wales. Her evidence-based recommendation for the removal

of 'fault' was echoed by many in Parliament and the media, and in September 2018 the Ministry of Justice responded with a consultation that drew heavily on both *Finding Fault*, and a further report, *No Contest*, which was published by the Foundation in April. In February 2019 the then Justice Secretary David Gauke confirmed his intent to bring in legislation removing the need for separating couples to wait for years or allocate blame for the end of their relationship.

Children and the law

Research published in November by Professor Daniel Monk at Birkbeck College found that children's sibling relationships are 'at risk' in care and adoption proceedings. We convened a seminar at the Foundation to discuss the findings from the research, which is the first of its kind in England.

The research team has since presented its research across the UK, at CoramBAAF in Leeds, Cafcass Guardians in Sheffield and University of Strathclyde. Research in Practice have asked the team to develop materials based on their research. This will help to disseminate the research findings in a practical way to key practitioners across many local authorities.

In July, the All-Party Parliamentary Group for Children published *Storing Up Trouble: A postcode lottery of children's social care*. The report drew heavily on Nuffield-funded research from Professor Paul Bywaters from the University of Huddersfield to call on the government to address the gap in funding by providing a 'safety net' for children's social care services.

In December, Sir Andrew McFarlane, the new President of the Family Division, issued guidance encouraging all judges to refer to two checklists published as part of a Nuffield-funded report by Dr Julia Brophy from the Association of Lawyers for Children. The checklists were designed to assist judges in better and more consistent anonymisation practices in published judgments concerning children and young people.

More than just money – how our work to convene, synthesise and engage increases the impact of the projects we fund.

Case study

Care Crisis Review

In June, the Family Rights Group published its *Care Crisis Review*, which was funded by the Foundation. The Review was an outcome of a conference we convened in 2017 to address the ‘care crisis’ identified by the then President of the Family Division, Sir James Munby. The review explored the reasons for the increase in the number of children in care and brought together a ‘coalition of the willing’ to provide 20 options for change.

The review was chaired by Nigel Richardson and included a listening exercise with over 2,000 people across England and Wales and a rapid academic review of evidence about the contributing factors to the crisis. Amongst the review’s recommendations were immediate steps that could be taken to move from an undue focus on performance indicators to enable practitioners to stay focused on securing the right outcomes for each child, and suggestions of ways in which statutory guidance could be changed to promote relationship-based practice.

The Review was widely debated in the media, including the *BBC Radio 4 Today* programme, *BBC online*, the *Guardian*, and *The Times*. In addition, we co-convened a launch event with the Family Rights Group, which provided an opportunity for professionals working in the sector, families, and young people

to engage with and debate the findings from the review. Lucy Allen MP raised the review in Parliament, with a question to the Prime Minister, and a Westminster Hall debate, in which the then Minister, Nadhim Zahawi committed to explore the Review’s recommendations in regard to the National Family Justice Board.

In addition, the review’s recommendations are being incorporated into the Welsh government’s advisory group work programme, and the What Works Centre has added a new Change Programme work strand to reduce numbers in care through social workers having flexibility to provide funded support to families. The Working Together Statutory guidance has been amended in line with the review’s recommendation about a child-centred approach to safeguarding, and Anna Turley MP has set up a Parliamentary Taskforce on Kinship Care, which is facilitated by the Family Rights Group.

Other recommendations that have been implemented include the extension of the Adoption and Special Guardianship Leadership Board’s remit to include special guardianship and a forthcoming consultation from the Department of Health and Social Care on the development of a mental health prevalence survey for looked after children.

Cross-cutting projects

We fund projects that cut across our core domains of Education, Welfare and Justice, and which are relevant to the trends shaping our society. During 2018 we funded three new projects and provided additional work on two projects funded in a previous year with a total value of £0.7m. Combined with ongoing projects from previous years, this means that at the end of 2018 we were managing 12 projects with a total value of £3.1m.

Key cross-cutting outputs published in 2018

What: Fathers in the UK: what do we know?

Who: Adrienne Burgess, Fatherhood Institute

Headline finding: Researchers investigated how 16 large-scale repeated cross-sectional and longitudinal datasets identify, differentiate and collect data about British fathers. They found that the data on fathers who do not live full-time with their children is especially likely to be meagre or non-existent. The project team also found that the NHS is failing to provide the 'family-centred' antenatal, maternity or health visitor services required by its own rules and desired by parents.



What: History of the UK's planning and control of public expenditure (1993–2015)
Who: Professor Christopher Hood, University of Oxford
Headline finding: Even in the face of deep budget cuts since 2010, departments have continued to underspend by a considerable amount. However, analysis published by the IFS as part of this project, suggests that this is far from the whole story.

What: Options for an English Parliament
Who: Professor Meg Russell, UCL Constitution Unit
Headline finding: This report was the first to set out the options for an English Parliament in detail. The report recommended some form of citizen-led constitutional convention as the best means for addressing the major questions involved in creating an English Parliament.

What: Benchmarking transparency in government's use of evidence
Who: Tracey Brown, Sense About Science
Headline finding: Revisiting the issues identified in the *Transparency of evidence* review published in November 2016, the report revealed improvements in departments' efforts to share their evidence base and reasoning with the public, and a much broader range of examples of doing so under different policymaking conditions. However, the report also revealed considerable variation in practice between departments and some surprising omissions.

What: Affordability of the UK's Eatwell Guide
Who: The Food Foundation
Headline finding: 3.7 million children in the UK are likely to be unable to afford a healthy and balanced diet, as defined by the the poorest households in the UK – those earning less than £15,860 – would have to spend 42% of their disposable income to meet the dietary recommendations outlined in the guide.

Policy and practice impact of cross-cutting projects

Transparency in the government's use of evidence

In January, Sense about Science published its spot check of government policy proposals, which scored 96 proposals according to the ease with which readers could tell how evidence played into the decision. This has been influential in increasing emphasis on transparency on the use of evidence within parliament and the civil service. For example, the government updated its official guidance on policy evaluation – the Green Book published by HM Treasury – which for the first time emphasises the importance of transparency in relation to presenting calculations and evidence. Several government departments have amended their processes in response to how they were scored in the Sense about Science report, which has also been used by staff from several Parliamentary committees and offices in their professional development activity. Other influential stakeholders, such

Since the launch of the Peas Please campaign in 2016, the Food Foundation reports an extra 4.8 million portions of veg have been eaten.

as the national What Works Adviser and the National Statistician have also promoted the report and its findings.

Food Foundation

In October 2018, the Food Foundation reported on early progress of its 'Peas Please' UK-wide campaign aimed at helping everyone to eat more veg. The campaign has 41 pledgers – about 80% of the grocery retail market – who have committed to taking actions to address the supply side barriers to vegetable consumption. Since the launch of Peas Please in 2016, the Food Foundation reports an extra 4.8 million portions of veg are being eaten, although these are predominantly in the catering sector rather than retail.

The Food Foundation has also established 'Veg Power' as a separate community interest company to support an advertising fund for vegetables. In partnership with ITV, Veg Power is running a national campaign to inspire children to eat veg – Eat Them to Defeat Them.

Expectant fathers and the NHS

Nuffield-funded research from the Fatherhood Institute had a direct impact on NHS England's long-term plan for perinatal mental health, which states that expectant/new fathers whose partner's mental health is poor are to be offered their own mental health checks and signposted to professional support. This is the first time that the expectant/new father's impact on maternal and infant health has been formally recognised and is prompted by evidence presented in the Nuffield-funded Fatherhood Institute report, *Who's the Bloke in the Room? Fathers during the antenatal period and at the birth in the UK*.

Nuffield Council on Bioethics

Genome editing

In July, the Nuffield Council on Bioethics published its report on the ethical and social issues raised by genome editing and human reproduction. The report concluded that the use of heritable genome editing interventions to influence the characteristics of future generations could be ethically acceptable in some circumstances, provide it is intended to secure, and is consistent with, the welfare of the future person and that it is not expected to increase disadvantage, discrimination, or division in society.

This report received widespread media coverage including across *BBC Radio* and *online*, *Sky News*, *Times*, *Telegraph*, *Financial Times*, the *Mirror*, the *Metro* and the *Guardian*. In light of news reports in November that gene-edited twin babies had been born in China, the Council issued a statement which was featured in over 70 news articles across the world, particularly in China.

Research in global health emergencies

In January the Council appointed a working group to examine how research may be ethically conducted in global health emergencies. The final report of this in-depth inquiry will be published in late 2019.

Treatment for ageing

The Council published the first in a new series of bioethics briefing notes in January, exploring the latest scientific developments in the burgeoning field of ageing research. The briefing note summarises the latest research, and identifies the key ethical and social issues raised.



In light of news reports in November that gene-edited twin babies had been born in China, the Nuffield Council on Bioethics issued a statement which was featured in over 70 news articles across the world, particularly in China.

Whole genome sequencing

The second bioethics briefing note was published in March, on the topic of whole genome sequencing in babies. Whole genome sequencing is starting to be used in the NHS to help obtain a diagnosis for some seriously ill babies, and there is debate about whether NHS newborn screening could include additional genetic conditions. Key issues include how genetic information should be shared with parents, and how genetic data should be stored, accessed, and used.

Artificial intelligence in healthcare and research

AI is being used or trialled for a range of healthcare and research purposes, including detection of disease, management of chronic conditions, delivery of health services, and drug discovery. This briefing note, published in May, examines the current and potential applications of AI in healthcare, and the ethical issues arising from its use.

Experimental treatments

In November, a briefing note was published highlighting the ethical issues that can arise when patients and doctors wish to use experimental treatments. Using three types of experimental treatments as examples – advanced therapies (such as gene and stem cell therapies), surgery, and fertility treatment – the briefing note sets out the ways in which such treatments might be accessed, explains how these treatments are regulated, and summarises some of the ethical issues that patients, families and healthcare professionals need to be aware of.

Workshops

Three 'Bioethics in focus' workshops were held in 2018 on experimental treatments, wearable and implantable devices, and disagreements in the care of critically ill children. These all went on to inform further work. The Council also convened a 'Bioethics Futures' horizon scanning workshop looking at challenges in food sustainability, which has led to the planning of a future bioethics briefing note on meat consumption and meat alternatives.

Case study

Moving to an opt-out system for organ donation in England

Using the conclusions of a 2011 report on the ethics of donations involving the human body, the Council made a valuable contribution to the public debate that emerged regarding the governments' planned introduction of an opt-out system of organ donation in England. Council spokespeople raised awareness of the key ethical considerations through media interviews and

comment and through timely briefings as the Bill went through Parliament. The Council highlighted in particular the importance of the infrastructure and resources needed to ensure the ethical introduction of an opt-out system for organ donation including the need for sustained public awareness campaigns, and appropriate support for families to remain central to the organ donation process.

Strategic goal two – evidence, data and digital society

We will work to improve the accessibility, use, and collection of the evidence and data necessary to understand the issues affecting people's life chances. We will consider the broader implications of a digital society.

Nuffield Family Justice Observatory

We have made good progress with the development of the Nuffield Family Justice Observatory (Nuffield FJO), which we have established to support the best possible decisions for children by improving the use of data and research evidence in the family justice system in England and Wales. The year-long development phase of the Nuffield FJO got underway in Spring 2018, delivered by a Foundation-appointed team led by Professor Karen Broadhurst at the University of Lancaster. The development team has focused on building the infrastructure and operating model for the Nuffield FJO before it moves into its delivery phase in 2019. We have allocated £5 million for the initial development and pilot delivery phases of the Nuffield FJO, and published, *Making it happen*, a briefing paper that sets out our plans in more detail.

We published *Born into care*, the Nuffield FJO's first major output in October. The report presented findings from the first ever national study of newborn babies (under one week old) in the family justice system in England. The study was conducted by the Centre for Child and Family Justice Research at Lancaster University, the Rees centre at Oxford University, and Research in Practice using data from the Children and Family Court Advisory Service (Cafcass). The study found that between 2007/8 and 2016/17, 16,849 babies under one week old were subjects of local authority care proceedings in England. This figure has been increasing – in 2007/8 it was 1,039 newborns, but by 2016/17 this number had more than doubled (2,447 newborns). The study also shows a regional divide, with Yorkshire and Humber and the north west recording the highest rates, and London and south east the lowest.

We brought together over 120 professionals from across the family justice community to discuss *Born into care* and its implications at a conference in Manchester. It was a good opportunity to engage with stakeholders about how the protection of newborn babies can be managed to minimise harm for



all parties, and a useful forum for sharing examples of practice innovation from across the country. The development team also convened a similar event in Cardiff. Overall, the study demonstrates the value of improving the use of administrative data and research evidence in the family justice system, which is the core objective of the Nuffield FJO. It has also been successful in raising awareness of the issue of newborns in the care system to an audience beyond those working in the family justice system, primarily through discussion in the media.

In relation to governance of the Nuffield FJO, we have appointed former President of the Family Division Sir James Munby

as its Chair, and additional board members will be appointed in 2019.

Forthcoming projects include the special interest project, *Infants in the family justice system* which will build on the *Born into care* report and a rapid evidence review on special guardianship, in partnership with CoramBAAF and the Family Justice Council. We have also awarded £2.2m for a data partnership between the Nuffield FJO, Lancaster University and the SAIL databank at Swansea University, which will be central to improving the quality and accessibility of family justice data, and providing support and training for the researchers and analysts who use it.

Ada Lovelace Institute

In March, we made public our plans to establish the Ada Lovelace Institute (Ada), an independent research and deliberative body with a mission to ensure data and AI work for people and society. We have allocated £5 million over five years to fund Ada, which we have established in partnership with the Alan Turing Institute, the Royal Society, the British Academy, the Royal Statistical Society, the Wellcome Trust, Luminate, techUK and the Nuffield Council on Bioethics.

Ada will promote informed public understanding of the impact of AI and data-driven technologies on different groups in society. Ada will guide ethical practice in the development and deployment of these technologies, and will undertake research and long-term thinking to lay the foundations for a data-driven society with well-being at its core.

Ada has three core aims:

1. Build evidence and foster rigorous research and debate on how data and AI affect people and society.
2. Convene diverse voices to create a shared understanding of the ethical issues arising from data and AI.
3. Define and inform good practice in the design and deployment of data and AI.

We have appointed Sir Alan Wilson as Executive Chair of Ada, and he is leading the development phase. His first priority has been to appoint a board, and five appointments have so far been made: Alix Dunn, Professor Helen Margetts, Professor Huw Price, Hetan Shah and Azeem Azhar. We will make additional appointments to ensure adequate representation from different disciplines and sectors.

Alongside the Board appointments, we have been developing the scope and remit of Ada. This has included convening a programme of stakeholders workshops and roundtables at the Foundation and running sessions at relevant conferences such as the CognitionX festival and the TechUK Digital Ethics Summit.

We have also commissioned Dr Stephen Cave and a team at the Leverhulme Centre for the Future of Intelligence at the University of Cambridge to provide an initial systematic overview of the major ethical issues within the area of algorithms, data and AI. The value of this project was £75k. The resulting roadmap for research will aid the development of Ada's research priorities and those of the sector more generally.

Data skills for Geography

Since 2016, we have funded the Royal Geographical Society (with the Institute of British Geographers) to support geography teachers with the enhanced requirements for the use and analysis of geographical data in the latest GCSE and A Level specifications. By connecting



schools with geographers in higher education institutions and encouraging participation through local networks, the project has so far provided training to over 1,000 teachers and developed a well-used range of data-rich online resources. The project has also built partnerships with the awarding bodies, Esri UK, the Field Studies Council, Ordnance Survey, multi-academy chains

and geography departments in a number of universities. During 2019 the project team will run additional training sessions and provide specific support and advice to both trainees and fully qualified geography teachers wanting to use open access datasets in their teaching. There are also plans to encourage this approach for other social science subjects.

Strategic goal three – profile and influence

We will increase the profile and influence of our research portfolio and of the Nuffield Foundation as an organisation.

Central to our grant-making ethos is that we offer more than money. Although the work we fund must stand up to rigorous academic scrutiny, just as important is its ability to influence the policies and institutions that affect people's well-being. We provide some examples of the impact of individual projects in our report of progress against strategic goal one, and we play an active role in securing this impact in a number of ways. Firstly, by requiring applicants to think about communications and engagement in their initial applications, and providing feedback on those plans as part of the application process. Secondly, our research team and our communications team work with grant-holders at key stages in each project to maximise the profile and influence of the work we fund. This involves advice and guidance on formulating key messages and recommendations of a project, as well as on the best format and channel for reaching its target audiences. And thirdly, by

using our own communications channels and networks to facilitate engagement with the research we fund, and to amplify its message.

Investment in our communications and engagement

To increase the contribution we make on this front, we have expanded both our research and communications teams during 2018. We are also implementing a new communications strategy and have begun work on two big projects as part of that, refreshing the brand of the Foundation, and a project to develop a new website as part of a more ambitious approach to our digital communications.

As part of developing the Foundation's brand and raising our profile, we have also begun to position ourselves more prominently in relation to many of the projects we fund, for example by increasing

the instances in which we provide quotes from our senior spokespeople in media releases. This has been a contributing factor in increased mentions of the Nuffield Foundation in the media, which have grown by 27% on 2017.

We have also secured speaking and writing opportunities for our staff, both in the media, at events, and blogs that are popular with our target audiences. For example, our Chief Executive Tim Gardam wrote for the *Financial Times* and spoke at the TechUK Digital Ethics Summit. Our Director of Education, Josh Hillman wrote for the National Foundation for Educational Research blog and spoke at an event we co-sponsored at Parliament with the Parliamentary Office of Science and Technology on sleep and health.

Increasing engagement with our social media channels has been a key goal this year, resulting in a 29% increase in Twitter followers. We have also increased the frequency of our e-newsletter, generating a 15% increase in the number of subscribers, and an increase in both the open rate (32% compared to 27% in 2017) and click through rate of (6.2% compared to 5.7% in 2017).

There were 541,192 visits to the Nuffield Foundation website (excluding the Practical Biology microsite), a 1.6% decrease on the previous year. This small decrease is unsurprising given that the current website is not structured around our current priorities and is not mobile friendly. We expect an increase in traffic once we have gone live with the new website.

Mentions of the Nuffield Foundation in the media grew by 27% in 2018.

More than just money – how our work to convene, synthesise and engage increases the impact of the projects we fund.

Case study

Raising the profile of our education portfolio

A Nuffield-funded report on the self-improving school-led system in England was covered exclusively on the front page of the *Observer* with an accompanying opinion piece from researchers Professor Toby Greany and Dr Rob Higham from the UCL Institute of Education. The report was also picked up by *Forbes*, *Schools Week*, *Times Educational Supplement* and the *Independent*. Greany and Higham were joined by Simon Rutt, Head of Statistics at NFER to present their research at a seminar we convened in July. Chaired by former Education Secretary, Baroness Morris, the seminar featured contributions from Amanda Spielman, Her Majesty's Chief Inspector of Ofsted and Sir David Carter, National Schools Commissioner from the Department of Education. The report also generated engagement on social media, and we used a blog written by our Education Programme Head, Cheryl Lloyd, to capitalise on that engagement and prompt further discussion.

Another project which received high-profile media coverage, was research by Professor John Jerrim from the Institute of Education

at UCL on socio-economic differences in grammar school access and outcomes. The research was featured in the *Telegraph*, the *Financial Times*, the *Independent*, *The Times*, the *Times Educational Supplement* and *Schools Week*. Jerrim was featured on Inside Out: South East talking about his research findings in a segment on private tuition for grammar school entrance exams.

We have funded Luke Sibieta at the IFS to research education spending since 2014. In 2018, the IFS published the first of three annual reports on education spending in England. Sibieta's research has attracted significant media coverage, including a BBC Radio 4 special on government education spending, coverage in the *Guardian*, *Financial Times*, *BBC* and the specialist education press, including the *Times Educational Supplement*. A paper on the socio-economic differences in education spending was retweeted by Sir Michael Marmot, John Rentoul and Russell Hobby. The principal findings, particularly around the 'real' changes in school budgets got mentions in editorial and comment pieces for several months after publication.

Facilitating impact through our events programme

We have also made progress in expanding our events programme, which is our primary mechanism for convening researchers and users of research, and bringing together different combinations of expertise and experience that otherwise might not connect. We hold many of these events at the Foundation – we hosted 73 meetings and events attended by 1,711 people over

the course of 2018 – but we also convene larger events in other venues, often in partnership with others. For example, in May we co-convened a major research symposium on the future of the justice system (see case study overleaf for more details).

We have also begun live streaming some of our events in order to increase the reach and engagement of the events beyond attendees in the room.



“The great benefit of an organisation like Nuffield is that it can look at the challenges from the point of view of the people using or affected by the justice-system – the people for whom it is designed rather than the people doing the designing.”

Lady Hale

More than just money – how our work to convene, synthesise and engage increases the impact of the projects we fund.

Case study

The Future of Justice symposium: harnessing the power of empirical research

In May we convened an international symposium on the Future of Justice with UCL Faculty of Laws and the Legal Education Foundation to bring together leading researchers, judiciary, funders and practitioners to explore these issues and learn from existing best practice. Over one hundred attendees joined us over the two-days of the event.

The England and Wales justice system is undergoing rapid change in an ambitious reform programme designed to transform processes in criminal, civil and family courts, and tribunals.

The move to online determination of disputes and court closures represents a shift away from the model through which the principles of public justice have traditionally been advanced. These changes have implications for citizens, the judiciary, the legal profession, and court staff as they adapt to new mechanisms for delivering justice. The reforms also create important opportunities for generating robust data on court processes, the individuals that use them and case outcomes.

The symposium was designed to develop a sense of the emerging priorities for justice research and a consensus on the level of commitment needed to build capacity

to deliver this research agenda. Professor Richard Susskind OBE, President of the Society for Computers and Law delivered the keynote address on the case for online courts.

The symposium also helped to inform our own funding priorities, and we will continue to work with The Legal Education Foundation and UCL Faculty of Laws to harness the power of empirical research within the justice system. We are planning a seminar series in 2019 to develop the themes addressed in the symposium.

75th Anniversary lecture

We used the occasion of the Future of Justice Symposium to host our 75th Anniversary lecture, delivered by the Rt Hon the Baroness Hale of Richmond, President of the Supreme Court. Lady Hale's lecture marked the 75th year of the Nuffield Foundation, by giving a detailed overview of the justice work the Foundation has funded over the course of our history. In the lecture, Lady Hale said "The great benefit of an organisation like Nuffield is that it can look at the challenges from the point of view of the people using or affected by the justice-system – the people for whom it is designed rather than the people doing the designing." The lecture was attended by a 150-strong audience.

Strategic goal four – opportunities for young people

We will increase opportunities for young people – particularly those from disadvantaged backgrounds – to be active participants in a knowledge economy.

Our student programmes are direct interventions to create opportunities for young people to develop the quantitative literacy and critical thinking necessary to be an engaged citizen in modern Britain.

of placements now go to students from low-income households. We also provide placements to students who do not have a family history of going to university. By September 2019, NRPs will be an exclusively widening access programme.

Nuffield Research Placements

Nuffield Research Placements (NRPs) are designed to encourage more young people, particularly those from less well-off backgrounds, to choose further study and careers in science (including social science), technology, engineering and maths (STEM). Students are recruited by a network of regional coordinators across the UK who receive grants from us to cover costs.

Our strategy includes a commitment to increasing the opportunities we offer for young people from disadvantaged backgrounds and from schools in disadvantaged areas to gain skills through access to NRPs. As such, we updated our eligibility criteria in 2018 so that the majority

Students in the first year of a post-16 STEM course studying at a state-maintained school or college in the UK are eligible to apply. We make sure no one is excluded on a financial basis by covering students' travel costs and providing weekly bursaries of £100 for eligible students. In 2018, the new criteria did not impact the number of applications we received with 3,521 completed applications compared to 3,750 in 2017.

In 2018 we placed 1,134 students, 1,024 of whom completed. This was similar to the previous year (1,138 students). The total value of the grants awarded to students in 2018 was £394K.

In light of our renewed emphasis on placing students from low-income backgrounds, NRP coordinators targeted students from schools in categories 3 and 4 and those with a higher percentage of students eligible for free school meals. The proportion of students who received a full bursary in 2018 was 64%, up from 57% in 2017 (see Figure 1).



We recruited 572 project supervisors in 2018. We also ran a social media campaign encouraging employers to find out more about providing a placement, resulting in 100 new potential project providers signing up.

Following a successful pilot, the Environment Agency will offer up to 10 placements across two regions next year. In summer 2018, 25% more placements were hosted by Q-Step Centres. The centres will host up to four students each in 2019.

Student prizes

Fifty-nine of our students were selected as finalists for the Big Band Competition, the largest celebration of STEM for young people in the UK. We provided 21 Nuffield students from low income households with bursaries of £250 per student to exhibit as finalists. We were delighted that Emily Xu from James Allen's Girls' School in London was named GSK UK scientist of the Year 2018 for her project on new ways of separating mirror image molecules, which she completed at Imperial College London. Manisha Waterson from Notre Dame High School won the University of Oxford Engineering Innovator Prize with her project *Music for the eyes*. Both Emily and Manisha presented their research at the House of Commons for Engineering Week in November.

Sixteen regional celebration events took place across the UK between October and December and seven Nuffield students presented their projects at the Royal Society Student Conference in December.

Q-Step

Q-Step is a £19.5 million programme to promote a step-change in undergraduate quantitative social science training in the UK. Since 2013, 18 universities across the UK have been delivering new courses,

work placements and pathways to postgraduate study. Q-Step is co-funded by the Nuffield Foundation, the Economic and Social Research Council (ESRC) and, until 2019, the Higher Education Funding Council for England (HEFCE).

The programme has grown steadily since 2013. In 2017/18, 1,940 students enrolled on 64 Q-Step degree programmes, up from 1,231 in 2016/17 and 694 in 2015/16. In addition, 9,564 students were enrolled on one or more of the 184 Q-Step modules (compared to 8,527 in 2016/17 and 7,994 in 2015/16). Work placements continue to be a distinct and popular feature of the Q-Step degrees and, in 2017/18, 311 students took up placements as part of their Q-Step degrees.

We have continued to promote Q-Step via various means including social media, blogging, and participation in relevant external networks and events. On 25 June 2018 we jointly hosted a quantitative skills teaching and learning symposium at the British Academy, London. Featuring expertise drawn from Q-Step institutions, the symposium shed light on:

- Tackling poor numeracy levels in the UK.
- Engaging and motivating students to learn quantitative skills.
- Delivering effective quantitative training.
- The positive impact of placements/ internships on student confidence and employability.

In 2018 we received an interim report from our independent evaluators, Technopolis. The final report from Technopolis is due in 2020, but some of the key messages emerging so far are that:

- There is a good alignment between Q-Step and other strategic agendas.
- There are examples of strong leadership support for Q-Step within institutions.

- Alongside the funding we have provided, Q-Step institutions are investing their own funds and resources to further develop the programme.

For key aspects of the quantitative elements of the evaluation, Technopolis has worked closely with the Higher Education Statistics Agency. This will continue in 2019.

Technopolis also provided us with analysis of a benchmarking exercise conducted across the Q-Step institutions. This exercise tested the coverage of 35 core learning outcomes in Q-Step programmes. These 35 benchmarks provide a useful outline of the most important elements that should be included in any programme that seeks to develop students' data skills and confidence.

We are planning a two-year extension of Q-Step funding to cover a transitional phase from 2019–2021. The findings of the

independent evaluation will be a crucial factor in developing this transitional phase which will focus strongly on embedding the successful elements of the programme and building sustainable models of delivery for the future.

In 2018 we also published a report on effective teaching in Q-Step Centres. This report showed that:

- Students on Q-Step programmes have a command of quantitative methods that goes well beyond what has previously been achieved on undergraduate degrees, preparing them to go on to postgraduate work using advanced quantitative skills or to help meet the strong demand from employers for graduates with quantitative skills.
- Q-Step work placements give employers a chance to shape the skills of the



Grants awarded in 2018

future and are allowing students to put their abilities to the test, developing confidence in the process.

- Q-Step Centres have trialled a number of different support mechanisms for students, such as drop-in support sessions, 'maths cafes', progress cards, and mentoring and 'data buddy' arrangements.
- The report also highlighted that Q-Step students have developed a strong sense of collective identity.

To take this further we organised a networking event in 2018 which brought together students from the different institutions to focus on common experiences and ideas and have also taken the first steps towards developing and formalising a student and alumni network. This work will be continued in 2019.

- Some, but not all, Centres have found student recruitment difficult.

Grants awarded in 2018

	Name	Purpose	Value (£)	Term (months)
Education	Dr Sara Bonetti, Education Policy Institute	An analysis of the early years workforce and its impact on children's outcomes	213,475	24
	Dr Claudine Bowyer-Crane, Department of Education, University of York	Talking Together: An early evaluation of a home-based language support programme for families of children aged 2 years	226,991	30
	Christine Bradley, Save the Children	Randomised controlled efficacy trial of Families Connect	406,925	20
	Dr Jack Britton, Institute for Fiscal Studies	Using catchment area discontinuities to estimate school effectiveness	233,525	24
	Professor Simon Burgess, Department of Economics, University of Bristol	Characterising effective teaching	49,885	12
	Dr Will Cook, Faculty of Business and Law, Manchester Metropolitan University	Understanding the influences on the academic trajectory of disadvantaged pupils in early secondary education	31,136	10
	Dr Catherine Dilnot, Department of Accounting, Finance and Economics, Oxford Brookes University	The relationship between 16-19 subject and qualification choices and university outcomes	118,543	24

Grants awarded in 2018

Name	Purpose	Value (£)	Term (months)
Professor Julie Dockrell, Department of Psychology and Human Development, UCL Institute of Education, University College London	Empowering staff to enhance oral language in the early years	357,258	18
Stella Dudzic, Mathematics in Education and Industry	A new mathematics GCSE curriculum for post-16 resit students	60,594	12
Dr Markus Gehrsitz, Department of Economics, University of Strathclyde	Class size and human capital accumulation	130,284	24
Dr Morag Henderson, Centre for Longitudinal Studies, University College London	'First in the family', higher education choices and labour market outcomes	159,065	18
Dr Ros Herman, Language and Communication Science Division, City, University of London	Pilot study to evaluate an integrated phonics and language programme for the teaching of reading to deaf and hearing children	102,682	16
Professor Charles Hulme, Department of Education, University of Oxford	The Nuffield Nursery Language Programme: development and evaluation	571,826	26
Dr Eran Melkman, Rees Centre, University of Oxford	Care leavers' transition into the labour market in England	142,483	18
Dr Hannah Nash, School of Psychology, University of Leeds	Using dynamic learning tasks to identify children at-risk of reading disorder	332,043	33
Professor Kate Nation, Department of Experimental Psychology, University of Oxford	Book language: promoting literacy and oracy in the early years via structured experience with written language	271,347	28
Luke Sibieta, Institute for Fiscal Studies	Education spending pressures and challenges	145,825	35
Dr Fiona Simmons, School of Natural Sciences and Psychology, Liverpool John Moores University	Understanding the influence of the preschool home learning environment on early mathematics and literacy attainment	168,191	24

Grants awarded in 2018

Name	Purpose	Value (£)	Term (months)
Antonia Simon, UCL Institute of Education	Analysis of the reach and impact of private sector childcare in England	112,373	12
Dave Thomson, FFT Education Ltd	School accountability and fairness: does 'Progress 8' encourage schools to work more equitably?	37,626	7
Dave Thomson, FFT Education Ltd	GCSE and A Level results day project	9,353	3
Professor Dominic Wyse, Department of Learning and Leadership, UCL Institute of Education, University College London	English grammar teaching in primary schools: assessing the efficacy of Englicious	332,203	24
Dr Gabriella Conti, Department of Economics, University College London	What works in prenatal home visiting programmes: experimental evidence from England and Germany	201,208	24
Professor John Jerrim, UCL Institute of Education, University College London	The health of teachers in England: what do we really know?	232,810	22
Steve Brace, Royal Geographical Society (with the Institute of British Geographers)	Phase two of data skills in Geography	73,059	14
Deborah Gibbard, Solent NHS Trust	Additional work on a randomised controlled trial of the effectiveness of parent-based models of speech and language therapy intervention for 2- to 3-year-old children	3,276	48
Professor Chris Warhurst, Institute for Employment Research, University of Warwick	Additional work on degrees of advantage? A longer-term investigation of the careers of UK graduates	1,577	18
Jude Hillary, National Foundation for Educational Research	Additional work on diagnostic analysis of the effect of retention and turnover on the teaching workforce	20	22
Total new education grants		4,725,583	

Grants awarded in 2018

	Name	Purpose	Value (£)	Term (months)
Welfare	Professor Sir Richard Blundell, Institute for Fiscal Studies	The IFS Deaton Review: inequality in the twenty-first century	2,512,853	60
	Professor Mike Brewer, Institute for Social and Economic Research, University of Essex	Opening the Black Box: towards a transparent and widely-used tax-benefit model for the UK	303,167	36
	Professor Jagjit Chadha, National Institute of Economic and Social Research	Managing uncertainty: a contribution to 'History of the role of HM Treasury in the planning and control of UK public expenditure 1993-2015'	31,277	3
	Laura Gardiner, Resolution Foundation	An intergenerational audit of the UK	95,738	23
	Dr Ruth Gaunt, School of Psychology, University of Lincoln	Caregiving dads, breadwinning mums: routes and barriers to greater gender equality in caring responsibilities	173,510	30
	Paul Johnson, Institute for Fiscal Studies	IFS Green Budget 2018-2021	410,323	39
	Helen Millar, Institute for Fiscal Studies	After Mirrlees: how to build pathways to a tax system fit for today's work patterns	220,089	18
	Professor Alasdair Rae, Department of Urban Studies and Planning, University of Sheffield	An atlas of inequality: understanding the local nature of a global phenomenon	89,137	15
	Professor Francesco Fasani, School of Economics and Finance, Queen Mary, University of London	Additional work on asylum policies in Europe and the refugee crisis: new empirical evidence for better policy-making?	11,950	24
	Total new welfare grants		3,848,044	
Justice	Dr Katie Boyle, Division of Law and Philosophy, University of Stirling	Access to justice for social rights: addressing the accountability gap	338,227	37
	Dr Claire Fitzpatrick, Law School, Lancaster University	Disrupting the routes between care and custody: learning from females in the care and criminal justice systems	202,487	27

Grants awarded in 2018

Name	Purpose	Value (£)	Term (months)
Dr Sarah Nason, School of Law, Bangor University	Paths to administrative justice in Wales: principles, challenges and opportunities	113,333	18
Professor Gillian Schofield, Centre for Research on Children and Families, University of East Anglia	An investigation of the implementation in England of the first Regulations and Guidance for long-term foster care as a permanence option (Department for Education 2015)	120,548	19
Richard White, Michael Sieff Foundation	Additional work on continuing implementation of recommendations of the Carlile report on the operation and effectiveness of the Youth Court June 2014	12,000	33
Matt Bernard, National Centre for Social Research	Additional work on measuring outcomes for children's social care services	4,185	24
Professor Liz Trinder, School of Law, University of Essex	Additional work on understanding the scale, pattern and dynamics of birth fathers' recurrent appearance in care proceedings: what are the challenges for fathers' rehabilitation and better life chances?	43,124	37
Professor Marian Brandon, Centre for Research on Children and Families, University of East Anglia	Additional work on understanding the scale, pattern and dynamics of birth fathers' recurrent appearance in care proceedings: what are the challenges for fathers' rehabilitation and better life chances?	1,338	24
Dr Penny Cooper, Birkbeck University, University of London	Additional work on vulnerability in the courts: a research and policy project	63,674	28
Phil Bowen, Centre for Justice Innovation	Additional work on enhancing problem-solving practice in youth court	32,157	40

Grants awarded in 2018

	Name	Purpose	Value (£)	Term (months)
	Professor Paul Bywaters, Faculty of Business, Environment and Society, Coventry University	Additional work on identifying and understanding inequalities in child welfare intervention rates: comparative studies in four UK countries	35,737	55
	Renuka Jeyarajah-Dent, Coram Life Education	Additional work on visualising data in care proceedings	5,000	13
	Total new justice grants		971,810	
Cross-cutting	Professor Annette Boaz, Faculty of Health Social Care and Education, Kingston University	Using research evidence: transforming the field	10,000	9
	Professor Simeon Yates, Department of Communication and Media, University of Liverpool	Me and my big data – developing citizens' data literacies	339,157	24
	Will Moy, Full Fact	Full Fact 2018–2021	300,000	36
	Professor Christopher Hood, All Souls College, University of Oxford	Additional work on the history of the United Kingdom's planning and control of public expenditure	12,954	42
	Adrienne Burgess, Fatherhood Institute	Additional work on fathers in the UK: what do we know? What do we need to know?	2,776	11
	Total new cross-cutting grants		664,887	
Ada Lovelace Institute	Dr Stephen Cave, Leverhulme Centre for the Future of Intelligence, University of Cambridge	Identifying and assessing ethical and social questions arising from the use of data, algorithms and AI	75,163	11
	Total new Ada grants		75,163	
Nuffield Family Justice Observatory	Professor Karen Broadhurst, Department of Sociology, Lancaster University	Nuffield Family Justice Observatory development programme	399,300	15

Plans for future periods

Name	Purpose	Value (£)	Term (months)
Professor Karen Broadhurst, Department of Sociology, Lancaster University	A data partnership for the Nuffield Family Justice Observatory	2,170,530	54
Total new Nuffield FJO grants		2,569,830	

Plans for future periods

We continue to focus on delivering the commitments laid out in the Nuffield Foundation Strategy 2017–2022. Particular activities in the coming year or so include:

The IFS Deaton Review

In early 2019 we announced a major new £2.5 million study by the IFS on the nature of inequality in the 21st century, an international comparative study focused on the UK. The IFS Deaton Review will be led by an expert panel, chaired by Nobel Laureate Professor Sir Angus Deaton.

Aiming to understand inequality not just of income, but of health, wealth and opportunity too, this five-year study will be one of the most ambitious of its kind. The aim of the study is to answer some of the most fundamental questions about the nature of inequality in the 21st century, the forces shaping it, and what can, and should, be done about it.

With Sir Angus in the chair, the panel overseeing the project includes world-leading experts in sociology, epidemiology, political science, philosophy and economics. The IFS will commission work

from many more leading experts to help us understand inequalities in outcomes by gender, ethnicity, geography, age and education. Analysis will cover the full breadth of the income and wealth distributions – not just what is happening at the very top and very bottom.

Strategic Fund

In May 2019 we will co-convene a conference, ‘Delivering Public Good, Building Public Trust’ with the Nuffield Trust and Nuffield College to stimulate fresh-thinking on the major challenges for UK social policy in the 2020s and the research agenda to inform public policy in the next decade. The conference will help shape the research priorities for the £15m Strategic Fund which we will launch later in 2019.

Our Strategic Fund is for long term, interdisciplinary projects of a scale and scope not normally possible in our other grants’ programmes. We seek to attract projects that take forward themes that cut across our core domains of Education, Welfare and Justice. We will make a formal call for applications in 2019. We will remain primarily a responsive funder, encouraging original ideas and the independent framing of research questions. We will continue to be proactive in shaping our research portfolio by working closely with partners to identify larger questions that will inform policy debates.

Oliver Bird Fund for musculoskeletal conditions

2019 will see the most ambitious single programme funded by the Nuffield Foundation for many years. Over the next ten years the Foundation will designate up to £12.5m, from the Oliver Bird Fund, for research to improve the lives of those living with musculoskeletal (MSK) conditions. We will commission research across a range of areas including secondary analysis of existing data on the bio-social-economic determinants and outcomes of MSK conditions. In partnership with Versus Arthritis, we will fund a number of local health and social care data integration pilots. The first call for applicants opened in December 2018 and we look forward to working with the first round of grant-holders in 2019. We welcome interdisciplinary proposals to improve understanding of those living with MSK conditions, including their health and social well-being outcomes.

Ada Lovelace Institute

Next year, Ada will appoint a Director and complete the formation of its Board, chaired by Sir Alan Wilson. It will set out its work plan to promote informed public understanding of the impact of AI and data-driven technologies on different groups in society. The Foundation actively encourages research applications that address the impacts of a digitally driven society, its ethical implications and its distributional effects.

Nuffield Family Justice Observatory

The Nuffield FJO moves into its pilot delivery phase in 2019, further developing and testing ways to better use research evidence and data to improve outcomes for children involved in the family justice system. A key part of this will be the launch of the new data partnership for the Nuffield FJO, led by Lancaster and Swansea Universities. This will focus on advancing the use and accessibility of administrative data in family justice, including looking at options for data linkage and building analytical capacity in this area. The Nuffield FJO data platform will provide a valuable resource for research applications in the Foundation's core work on family justice.

Financial review

Since 2003 the Nuffield Foundation has worked to two key financial objectives:

1. To maintain (at least) the Nuffield Foundation's endowment in real terms.
2. To produce a consistent and sustainable amount for expenditure.

By taking this long-term approach to managing the endowment we have been able to increase our activity levels in 2018, and expect to continue doing so over the period to 2022, without changing our investment strategy. It is particularly beneficial at a time of market volatility to know that our approach to financial management has stood the test of time and that we do not need to adjust our shorter-term operational plans as a response to fluctuations in our investment valuation.

During 2018 we have done further work to confirm that this plan is extremely resilient to market volatility, and that we can therefore proceed with confidence in delivering our 2017–2022 Strategy. This year, we also increased our target growth in endowment value under our Capital Maintenance Index by 1% which has allowed us to release additional funds for expenditure.

Expenditure

We expect to commit over £100m of charitable expenditure in the five-year period from 2017 to 2022 to help us to achieve the goals set out in our five-year Strategy. In 2018 we made our highest ever commitment to charitable spending of £18.3m. The equivalent figure for 2017 was £14.6m and we expect to see our annual spend continue to grow over the remainder of the strategy period.

Our Strategy focuses not only on the level of spend, but also the nature of spend. As reported in the 'achievements and performance' section of this report, we have:

- Launched the Ada Lovelace Institute with a £5m commitment from the Strategic Fund (designated

in 2016) and begun to draw down the funding to deliver this key initiative.

- Put in place the infrastructure for the Nuffield Family Justice Observatory, with a £2.2m grant to establish a data partnership with Lancaster University and the SAIL databank at Swansea University.
- Made £10.2m of grant commitments from our research, development and analysis portfolio (in line with the commitments reported in 2017).

Although not recorded as expenditure in 2018, it is worth noting here that we also re-launched our Oliver Bird Fund with a £12.5 million call for research into musculoskeletal (MSK) conditions. The first grants from this fund will be awarded in 2019.

These activities indicate some of the ways in which we are using our financial resources to deliver the aspirations laid out in our strategy.

Investment management and governance

The Foundation seeks to protect its endowment from inflation (based on Average Weekly Earnings), and if possible, to grow it by 1% a year. We distribute 4.5% of the previous year's 'capital maintenance index'.

Where market values lie outside the indexed base value with an allowance for volatility (+/- 16%) a review of distribution rates will be triggered.

Our investment objective is to have a diversified portfolio which will provide the best return for an agreed measure of risk and liquidity.

After many years of strongly rising equity markets there was a fall back in 2018. Developed market listed equities ended the year 8.7% lower than at the start. These falls were offset by good returns from Venture Capital and Private Equity funds which both lag equity markets and experience less volatility. These factors, when combined with a tactical underweight position in global equities (as part of its de-risking process from 2015) has led to a 2.8% out-performance for the year, but which

also accounts for the under-performance of 0.8% over three years. Our results continue to compare favourably with other funds and the inflation target across all periods.

As a sterling based investor with an unhedged portfolio, our year has been dominated by movements in the value of sterling – partly as a result of the ongoing Brexit debate and partly as a result of the strengthening US dollar. During the year the management of the portfolio of short dated UK Gilts was brought inhouse.

Our Investment Committee is made up of three Trustees and two independent investment professionals and fulfils a key governance role by monitoring and overseeing this area on behalf of the Board of Trustees.

Ethical and other restrictions: Across our Global Equity portfolios we do not invest in businesses where the predominant source of revenue arises from the sale of tobacco. Where we are only able to invest a pooled fund and there is no ex-tobacco alternative offered by that manager we accept that we may retain an exposure to tobacco stocks.

We routinely screen all new Private Equity and Venture Capital funds for potential business practices that we believe set out to exploit vulnerable people or operate in a manner that might conflict with our core objectives. Where we suspect unacceptable behaviour underpins the business model we will not invest. Otherwise we ask for legal reassurance on ESG matters in line with our policy.

We ask that our investment managers take account of ESG practices in their investment decisions. We prefer our managers to subscribe to the UNPRI,¹ the UK Stewardship Code² or other formats promoting ESG responsibility. We expect our managers to invest in shareholder friendly companies that have regard to the long-term environmental impact of their business model, have high levels of governance and appropriate remuneration policies, and have clear policies to promote a healthy, productive and motivated workforce across the supply chain.

For our full Responsible Investing policy please visit nuffieldfoundation.org/our-policies

Asset allocation and ranges

Asset class	Target	Range	2018 actual
Real assets			
Global equities	70%		59%
Private assets	20%		17%
Total real assets	90%		76%
Nominal assets	10%	8% – 12%	24%
Total assets	100%		100%

Manager structure and principal benchmarks

Our principal measurement is against the Index of Capital Maintenance (see above). Investment performance is assessed against total returns relative to a composite benchmark based on asset allocation at the beginning of each period. Performance is also compared to an appropriate peer group index (previously WM Charities Unconstrained Index). Individual manager benchmarks are set out below.

Asset class	Manager
Real assets	
Global equities	Arrowstreet, Harding Loevner, Hosking, Orbis, Veritas
Private assets	Various illiquid funds
Nominal assets	
Fixed interest	Internally managed
Custodian	Northern Trust

Asset class	Benchmark	Target
Total equities	MSCI ACWI	+ 2%
Private assets	MSCI ACWI	+ 3%
Fixed interest	0 – 5yr ML Gilt index	-

1 https://www.unpri.org/Uploads/n/d/k/Signatory-Declaration-2016_Asset-Owner.docx

2 [https://www.frc.org.uk/getattachment/d67933f9-ca38-4233-b603-3d24b2f62c5f/UK-Stewardship-Code-\(September-2012\).pdf](https://www.frc.org.uk/getattachment/d67933f9-ca38-4233-b603-3d24b2f62c5f/UK-Stewardship-Code-(September-2012).pdf)

Investment performance

Total returns (annualised %)	1 year	3 years	5 years	10 years
Nuffield Foundation (net of fees)	(0.1)	10.6	10.7	9.5
Bespoke benchmark (gross of fees)	(2.9)	11.4	9.6	9.7
Inflation	3.0	2.6	2.2	2.7
Charity investments (net of fees)	(3.3)	6.3	5.8	8.1

Key

Nuffield Foundation	Actual performance
Bespoke benchmark	90% MSCI ACWI; 10% UK 1–5 year Gilts
Charity Investment Fund Qtly Review	Mixed funds

Reserves policy

Our reserves policy is driven by two components – one to monitor short-term reserves arising from the profile of annual spending commitments, the other to monitor the long-term health of the Nuffield Foundation’s reserves.

The short-term policy is to aim for a general unrestricted expenditure reserve of between -£2m and +£2m. At the end of the year we are slightly outside our target range at -£2.4m. This is primarily due to us making a number of significant funding commitments in 2018 which will be delivered over the period to 2023 – this ‘front end loading’ of larger than average funding commitments is a direct result of the intent laid out in our strategy. We have also increased the funds designated to our strategic programmes in line with the intent laid out in our financial plans for the strategy period. We are therefore satisfied that our current reserves profile is on track and appropriate, and will continue to report on this in subsequent years.

The second part of our policy reflects how we seek to preserve the endowment’s value. The ‘core endowment’ represents the part of the assets we seek to maintain in real terms. It is based on the value of the endowments at 31 December 2003 with a subsequent allowance for inflation. In 2018 we have increased the target growth in value by an additional 1% p.a. – as of 31 December 2018 the ‘target value’ of our endowment is therefore £318.9m, with an upper range of £370m and lower range of £232m. The actual value of the endowment as of 31 December 2018 was £353.6m, comfortably within this range and 11% above the target value. We continue to review this position regularly.

Principal risks

We are responsible for the management of risks with detailed consideration of some matters delegated to the Audit and Risk Committee, supported by senior

staff. During the year we have continued to develop and refine our approach to managing strategic risks and our appetite for risk in different areas.

Our strategic risks and key mitigating actions are:

Strategic risk area	Risk appetite, status and key actions
Is our strategy on track, and sufficiently flexible and responsive to changing circumstances?	We are making good progress in ensuring alignment between our strategy and our portfolio of activities. Our rolling review of portfolio themes, and our plans for 2019, will ensure that this risk continues to be managed.
Do we have the staffing capacity / resources to deliver on our strategic commitments?	We recognise that, as a small organisation with a desire to keep a tight control over our resourcing, it is to be expected that we will occasionally need to temper our ambitions to fit with available staffing levels. We are very focused on recruitment, retention and succession planning to minimise the impact of this risk area.
Are we funding the highest quality and most relevant work to advance our purpose efficiently and effectively?	We remain committed to ensuring that our research portfolio has a high quality threshold. We put in significant effort up front to gain assurance in this regard, and monitor live grants carefully through to the end of project assessment.
Are we taking sufficient risk in grant funding to achieve the best outcome?	We have a clear aspiration to test new fields and to redefine elements of our work, as articulated in the strategy. We are in the early stages of implementing these new elements.
Does our funding have the appropriate impact on policy and practice over the short, medium and long term?	Whilst our ability to influence this area is somewhat limited, we nonetheless feel that we can enhance our approach to optimise the chances of having the appropriate impact. This remains work in progress.
Does our reputation amongst key stakeholders reflect our purpose and enable us to build effective partnerships?	We have a clear intent to strengthen this area through increasing our profile and the types of work we undertake. We take care to balance this with ensuring that our hard-earned reputation is not damaged through taking on the wrong work.
Are we reaching our key audiences effectively?	A good understanding of the Nuffield Foundation brand by key audiences is essential to delivering our strategy – we are implementing a brand refresh and strengthening our communications capabilities to meet our risk appetite.
Will our investment strategy secure our long term future, providing cash to meet our obligations as they arise?	We have operated a consistent investment strategy since 2003, which has served us very well – we continue to be alert to signals that volatility is changing and to ensure that our activity plans are in line with investment performance.
Do our systems, processes and environment support and facilitate our work?	We have a significant programme underway to implement new grant management, contact management and finance systems and to review the attendant processes. This will be substantively completed during 2019.
Is our governance fit for purpose, in line with best practice, and alert to the dangers of ‘group think’?	We conducted a review of governance in 2018. We are implementing the findings during 2019.

Structure, governance and management

The Trust Deed

The Nuffield Foundation is a charity registered with the Charity Commission (206601). It was established by Trust Deed on 9 June 1943 by Lord Nuffield. A Common Investment Fund was established by a Charity Commission scheme, which took effect on 1 January 1980. It allowed the investments of different charities (but for which the Foundation Trustees were also responsible) to be invested as one unit. Subsequently these funds (the Oliver Bird Fund, the Elizabeth Nuffield Educational Fund and the Commonwealth Relations Trust) have been classified as ‘subsidiary charities’ of the Foundation and are only identified separately in the notes to these accounts. The Trust Deed has been amended on a number of occasions, most recently in 2016.

Trustees

The Foundation has seven Trustees who act jointly as a corporate body created under the powers now in the Charities Act 2011. Trustees are appointed by other Trustees for a standard tenure of two five-year terms. The Board of Trustees meets five times a year and retains overall responsibility for all activities of the Foundation. All strategic and policy decisions are taken by Trustees collectively, advised by a number of committees:

- Investment Committee (includes three Trustees and two independent investment professionals): considers the Foundation’s asset allocation and monitors investment performance, and can appoint and dismiss investment managers.
- Audit and Risk Committee (includes two Trustees and an independent accountant): responsible for

the process leading to the preparation of the annual financial statements (and their assumptions), the control environment, and the detailed consideration of risk including the Global Custodian’s performance.

- Finance Committee (created in 2018 – includes two Trustees and an independent accountant): responsible for oversight of financial planning and performance monitoring; and overseeing the management of significant initiatives.
- Staff and Remuneration Committee (comprising two Trustees): charged with oversight and development of the Foundation’s staffing policies.
- Nominations and Governance Committee (comprising three Trustees): examines the way the charity is governed, and recommends changes to Trustees. It also identifies potential new Trustees.
- A Panel for Trustee Remuneration periodically reviews the remuneration of Trustees and makes recommendations to us. We appoint the Chair of the Panel but otherwise the Panel operates independently.

We set terms of reference for all committees and panels, and parameters for the delegation of authority to senior staff. Senior staff set further levels of delegation for operational matters. New Trustees receive an induction, including a series of meetings with other Trustees and senior staff, and a Handbook for Trustees, containing information about procedures, committees, meetings, decision-making, and financial procedures at the Nuffield Foundation.

Organisational structure and management of the Foundation

The Foundation employs 40.8 full-time equivalent staff (including those who make up the secretariat of the Nuffield Council on Bioethics, who are employed by the Foundation). The Chief Executive, supported by a senior management group, is responsible for the management of the Foundation and for advising Trustees on strategic and operational matters. Trustees are responsible for grant-making decisions, with delegated authorities in line with agreed procedures.

We house several semi-autonomous bodies which, although legally part of the Nuffield Foundation, have their own governing structures with distinct terms of reference. The Nuffield Council on Bioethics is a longstanding example, with a Governing Board chaired by Dame Sally Macintyre and a Council chaired by David Archard. During 2018 we have established the Ada Lovelace Institute with a Board chaired by Sir Alan Wilson and the Nuffield Family Justice Observatory with a Governing Board chaired by Sir James Munby.

The Foundation is a Living Wage Employer accredited by the Living Wage Foundation.

Statement of grant-making policy

We seek to be an open, collaborative and engaged funder that offers more than money. We are not simply an academic funding body, though the research we fund must stand up to rigorous academic scrutiny. We publish details of available funding and the relevant application process on our website and promote these opportunities through our stakeholder engagement and communications.

We ensure that all applications for research, analysis and development grants are independently peer reviewed, including representatives from the policy and practice worlds, as well as research experts. We require ethical scrutiny of proposals involving primary research, and evidence of a commitment to the communication of research findings. Trustees make final decisions on these applications.

Once a grant has been awarded, we will work with grant-holders to ensure an advisory board is in place to provide a range of technical, subject, policy and practice expertise. We also require grant-holders to report on progress, and to produce at least one publicly available output that sets out how they used their grant and what they achieved. We also require an end of project assessment, including feedback on the Foundation's performance as a grant-maker.

We contract a network of regional coordinators to award funding for Nuffield Research Placements in line with our specified criteria and targets.

Statement of policy on staff remuneration

We aim to recruit and retain able staff to deliver the operational activities of the organisation. Staff are paid on a spine point scale according to the responsibility their post entails. Annual pay increases are agreed by the Staff and Remuneration Committee, taking retail inflation and national average earnings into account. We do not have a system of bonuses or other variable rewards, but will occasionally make additional discretionary payments.

Periodically, staff pay is independently benchmarked to external comparators and this last took place in 2016. The results confirmed that the existing system was fair and consistent with the benchmark posts chosen. Details of senior staff pay are contained in Note 4 of the accounts.

Statement of policy on fundraising

Section 162a of the Charities Act 2011 requires us to make a statement regarding fundraising activities because we have an external audit. We do not undertake any fundraising activities, although we can accept offers from partners to contribute to work that we undertake. We show these sums in our accounts as 'voluntary income'. We do not use professional fundraisers or 'commercial participators' or indeed any third parties to solicit donations. We are therefore not subject to any regulatory scheme or relevant codes of practice, nor have we received any complaints in relation to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

Charity Governance Code

We have carried out a review of our activities against the Charity Governance Code, a tool designed to help charities and their trustees develop high standards of governance. We have an action plan to implement any relevant findings against this code.

We recently conducted an external Board Review which has made specific recommendations on board

functioning and these findings have fed into and informed the Charity Governance Code assessment.

As a part of our action plan we have extended the tenure of Deputy Chair, Lord Krebs an additional year beyond the end of his second five-year term in order to sustain board effectiveness and the well managed refresh of board representation as recommended in the recent external board review, taking into account the ambitious programme of Foundation activity over the coming period.

Public benefit

In preparing this report, Trustees have referred to the Charity Commission's general guidance on public benefit and are satisfied that the activities undertaken by the Foundation meet the Commission's requirements.

As a research funder, the immediate beneficiaries are the organisations that we fund, including universities, research institutes and voluntary organisations.

Ultimately, the beneficiaries are much wider, since the aim of our grant-making is to improve the design and operation of social policy so that the lives of potentially every person in the UK benefit. Individual young people are the immediate beneficiaries of our student programmes, although these programmes have public benefit beyond these individuals. For example, an important aim of these programmes is to meet the skills gaps needed for the UK to flourish.

Going concern

The Trustees are satisfied that the Foundation has sufficient reserves to continue as a going concern for the foreseeable future.

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom

Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 apply them consistently.
- Make judgements and accounting 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 business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and 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 Charities Act 2011. 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.

Financial statements are published on the Foundation's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Foundation's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Approved by the Trustees on 10 May 2019 and signed on their behalf by:



Professor Sir Keith Burnett
Chair

Independent auditor's report

Opinion

We have audited the financial statements of Nuffield Foundation ("the Charity") for the year ended 31 December 2018 which comprise the statement of financial activities, the balance sheet, the statement of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2018 and of its incoming resources and application of resources 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 Charities Act 2011.

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 Charity in accordance with the ethical requirements 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 related to going concern

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

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

Other information

The other information comprises the information included in the Trustees report, other than the financial statements and our auditor's report thereon. The other information comprises: the Chair's foreword, Chief Executive's introduction to the report and the year in numbers. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements,

we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 require us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines 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 Charity'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 Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect there under.

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's (FRC's) website at:

<https://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Fiona Condron (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Gatwick, United Kingdom

Date: 10 May 2019

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial statements and notes

Statement of financial activities for the year ended 31 December 2018

	Note	Unrestricted funds £000s	Restricted funds £000s	Endowed funds £000s	Total funds 2018 £000s	Total funds 2017 £000s
Income and endowments						
Donations and legacies	2	174	736	-	910	846
Charitable activities		43	-	-	43	35
Investment income	6	6,069	435	274	6,778	8,035
Other income		11	-	-	11	15
Total income		6,297	1,171	274	7,742	8,931
Expenditure on:						
Raising funds						
Investment management costs		-	-	1,478	1,478	1,867
Charitable activities						
Research, development and analysis		12,131	119	-	12,250	11,768
Student programmes		1,442	290	-	1,732	1,689
Ada Lovelace Institute		349	-	-	349	-
Nuffield Family Justice Observatory		2,701	-	-	2,701	-
Oliver Bird Fund		47	75	-	122	25
Commonwealth Relations Trust		-	-	-	-	(38)
Nuffield Council on Bioethics		583	552	-	1,135	1,136
Total charitable activities	3	17,253	1,036	-	18,289	14,580
Total expenditure		17,253	1,036	1,478	19,767	16,447
Net (losses)/gain on investments		-	-	(5,467)	(5,467)	36,670
Net income / (expenditure)		(10,956)	135	(6,671)	(17,492)	29,154
Transfers between funds	11	11,261	982	(12,243)	-	-
Net loss on revaluation of fixed assets		-	-	-	-	(398)
Net income / (expenditure) after transfers		305	1,117	(18,914)	(17,492)	28,756
Reconciliation of funds:						
Total fund brought forward at 1 January		19,914	5,298	372,520	397,732	368,976
Total funds carried forward at 31 December	11	20,219	6,415	353,606	380,240	397,732

Statement of financial activities	2017	2017	2017	2017
Comparative information	Unrestricted Funds	Restricted Funds	Endowed Funds	Total
	£000s	£000s	£000s	£000s
Total income	7,247	1,361	323	8,931
Total expenditure	(13,608)	(972)	(1,867)	(16,447)
Transfers between funds	3,094	685	(3,779)	-
Net gains in investments	-	-	36,670	36,670
Net loss on revaluation of fixed assets	-	-	(398)	(398)
Net movement on funds	(3,267)	1,074	30,949	28,756

Balance sheet for the year ended 31 December 2018

	Note	2018 £000s	2017 £000s
Fixed assets			
Tangible fixed assets	5	5,021	5,070
Investments	6	400,432	413,943
Programme related investments	6	85	85
		405,538	419,098
Current assets			
Debtors	7	2023	4,081
Bank and cash		983	363
		3006	4,444
Liabilities: amounts falling due within one year			
Grants payable	8	(14,903)	(17,968)
Creditors	9	(642)	(669)
		(15,545)	(18,637)
Net current liabilities		(12,539)	(14,193)
Liabilities falling due after one year			
Grants payable	8	(12,759)	(7,173)
Net assets		380,240	397,732
Funds			
Unrestricted funds			
Designated fund	11	22,572	18,417
General fund	11	(2,353)	1,497
		20,219	19,914
Restricted funds			
Restricted funds	11	6,415	5,298
Endowed funds	11	353,606	372,520
Total funds		380,240	397,732

Notes 1 – 12 form part of these financial statements.

These financial statements were approved and authorised for issue by the Trustees on 10 May 2019 and were signed on their behalf by:



Professor Sir Keith Burnett
Chair

Statement of cash flows

	Note	2018 £000s	2017 £000s
Net cash flows from operating activities			
Net cash used in operating activities		(14,057)	(14,191)
Cash flows from financing activities			
Investment additions		(7,079)	(7,941)
Investment withdrawals	6	15,123	14,031
Net cash provided by financing activities		8,044	6,090
Cash flows from investing activities			
Payments to acquire tangible fixed assets	5	(145)	(257)
Investment income	6	6,778	8,035
Net cash provided by investing activities		6,633	7,778
Cash and cash equivalents at 1 January		363	686
Cash and cash equivalents at 31 December		983	363
Change in cash and cash equivalents in the year		620	(323)
Reconciliation of net (expenditure)/ income to net cash flows from operating activities			
Net (expenditure)/ income for the year		(17,492)	28,756
Adjustments for:			
Depreciation	5	194	199
Investment income		(6,778)	(8,035)
Losses/(gains) on investments		5,467	(36,670)
Loss on revaluation of fixed asset		-	383
Loss on revaluation of programme-related investment		-	15
Increase in grant commitments		2,521	955
Decrease in creditors		(27)	(522)
Decrease in debtors		2,058	728
Net cash outflows from operating activities		(14,057)	(14,191)

Notes to the financial statements

1. Principal accounting policies

a. Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and in accordance with applicable Accounting Standards. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

b. Income

Investment income represents dividends and interest generated from the investment portfolio, including any associated tax credits or recoverable taxation. This income is accounted for on an accruals basis, and is allocated proportionally to the underlying funds.

Grants and donations are accounted for when the charity has entitlement to the funds, probable receipt and the amount is measurable. Where income is received in advance it is deferred until the charity is entitled to that income.

c. Expenditure

Costs of raising funds represent amounts paid to the Foundation's external investment advisors and managers. This excludes private equity fees which cannot be identified separately and therefore are shown net.

Charitable expenditure comprises grants and other payments made by the Trustees in accordance with criteria set out in the Trust deed.

Grants are charged to the Statement of financial activities when allocations are approved by the trustees and promised to the recipient, less any awards cancelled or refunded. Grants which are awarded subject to conditions are included as expenditure at the point at which the trustees make an unconditional offer of a grant to the applicant.

'Other costs' include staffing, hosting seminars and conferences, commissioned research or evaluations together with any direct costs immediately attributable to a specific activity. 'Support costs' reflect the apportionment of costs shared by all activities.

d. Basis of allocation of costs

Investment management costs and charity administration costs are allocated to the funds in proportion to their holding in the endowment at the beginning of the year. Where identifiable, costs related to Charitable activities or governance are attributed to appropriate activities and funds in full, or where not separately identifiable they are apportioned using the most relevant allocation basis for that expenditure.

e. Investments

Quoted investments are included in the accounts at their bid price as at the balance sheet date. Unquoted (e.g. private equity) investments which have no readily identifiable market price are included at the most recent valuations from their respective managers.

f. Taxation

The Foundation is a charity within the meaning of Paragraph 1 Schedule 6 Finance Act 2010. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent

that such income or gains are applied exclusively to charitable purposes.

No tax charge arose in the period.

g. **Exchange gains and losses**

All realised and unrealised exchange gains and losses on investments are accounted for in the Statement of financial activities.

h. **Financial instruments**

The Foundation has financial assets and financial liabilities of a kind that qualify as basic financial instruments apart from the derivative instruments held. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

i. **Fixed assets**

The leasehold property at 28 Bedford Square, together with subsequent additions and furnishings, is stated at market value and is depreciated over the remainder of the life of the lease. A professional valuation is obtained periodically. Other fixed assets are stated at cost less depreciation. Assets over a value of £5,000 are capitalised. Depreciation has been calculated at the following annual rates, in order to write off each asset over its estimated useful life.

Equipment, fixtures and fittings – 3 years to 20 years

j. **Total Return Accounting**

The Charity Commission permitted the Foundation to adopt the use of total return in relation to its permanent endowment on 7 February 2006. The power permits the Trustees to invest permanent endowments to maximise total return and to make available an appropriate portion of the total return for expenditure each year. Until this power is exercised the total return shall be an ‘unapplied total return’ and remain as part of the permanent endowment. The Trustees have decided that it is in the interests of the Foundation to present its expendable endowment in the same manner in Note 10, although there is no legal restriction on the power to distribute the expendable endowment.

The Trustees have used the values of the permanent endowments at 31 December 2003 to represent the ‘Preserved Value’ of the original gift.

Fund accounting

Unrestricted funds are donations, investment income and other income received or generated for the objects of the charity without further specified purpose and is available as general funds. Some of these funds are designated by the Trustees to fund specific strategic programmes.

Restricted funds have arisen from restrictions applied by donors. Expenditure that meets these criteria is identified to the fund, together with a fair allocation of support and charity administration costs.

The endowed funds of the Foundation consist of both permanent and expendable capital funds. Income generated from the expendable endowment funds is applied to the general fund or, where specified, to restricted purposes. A total return distribution is made each year from the endowment funds to fund charitable activities.

k. **Pension costs**

Pension costs are charged as they are incurred.

l. **Estimates and judgements**

The actual lives of tangible fixed assets and their residual values are assessed annually. In re-assessing asset lives, factors such as economic and future market conditions are considered as is the remaining life of the asset and projected disposal values.

The carrying value of investments are subject to estimates, assumptions and judgements of their fair value. In determining this amount, the Charity follows the International Private Equity and Venture Capital Valuation Guidelines, applying the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm’s length transaction. The nature, facts and circumstance of the investment drives the valuation methodology.

Derivatives are measured at fair value (mark-to-market) at each reporting date. Each instrument's mark-to-market is calculated with reference to mid-market rates.

2. Income from:	2018			2017		
	Unrestricted £000s	Restricted £000s	Total £000s	Unrestricted £000s	Restricted £000s	Total £000s
Donations and legacies						
<i>Grants received in support of:</i>						
Nuffield Council on Bioethics	174	566	740	-	533	533
Nuffield Research Placements	-	170	170	-	207	207
Q-Step	-	-	-	-	4	4
Open Door	-	-	-	-	102	102
	174	736	910	-	846	846
Charitable activities						
Sales, royalties and fee income	43	-	43	35	-	35
Other income	11	-	11	15	-	15
	228	736	964	50	846	896

3. Expenditure a. Charitable expenditure	Direct costs		Support and governance costs	Total 2018	Total 2017
	Grants £000s	Other £000s	£000s	£000s	£000s
Research, development and analysis					
Education	4,726	371	651	5,748	4,266
Welfare	3,848	127	447	4,422	2,965
Justice	972	162	141	1,275	3,229
Cross-cutting	665	246	102	1,013	1,654
<i>New grant commitments sub-total</i>	<i>10,211</i>	<i>906</i>	<i>1,341</i>	<i>12,458</i>	<i>12,114</i>
Cancelled grants	(208)	-	-	(208)	(346)
	10,003	906	1,341	12,250	11,768
Student programmes					
Nuffield Research Placements	394	688	169	1,251	1,260
Q-Step	(9)	363	127	481	429
	385	1,051	296	1,732	1,689
Other funds					
Ada Lovelace Institute	75	168	106	349	-
Nuffield Family Justice Observatory	2,570	46	85	2,701	-
Oliver Bird Fund	-	26	96	122	25
Commonwealth Relations Fund	-	-	-	-	(38)
	2,645	240	287	3,172	(13)
Nuffield Council on Bioethics	-	834	301	1,135	1,136
Total charitable expenditure	13,033	3,031	2,225	18,289	14,580

b. Support and governance costs	Total 2018 £000s	Total 2017 £000s
Staff and associated costs	1,330	889
Office costs	431	514
Information technology	312	249
	2,073	1,652
Governance costs		
Auditors' remuneration (inc. VAT)	31	29
Trustees' remuneration	90	82
Trustees' expenses	16	11
Legal fees	15	6
	152	128
Total support and governance	2,225	1,780

See note 1d for basis of allocation

4. Personnel costs	2018	2017
	£000s	£000s
Wages and salaries	2,135	2,083
Social security costs	255	219
Other pension contributions	252	188
	2,642	2,490

Average number of staff employed in year:	<i>Number</i>	<i>Number</i>
Grant-making	17.0	13.2
Nuffield Council on Bioethics	12.1	12.5
Support services	17.8	14.1
	46.9	39.8
<i>Average number of full time equivalent staff in year:</i>	<i>40.8</i>	<i>36.6</i>

Remuneration of higher paid staff		
Between £60,000 and £69,999	4	1
Between £70,000 and £79,999	3	1
Between £80,000 and £89,999	1	-
Between £90,000 and £99,999	2	3
Between £120,000 and £129,999	-	1
Between £130,000 and £139,999	-	1
Between £140,000 and £149,999	1	-

Employer's pension contributions for higher paid staff were in total £81,276 (2017: £57,345). Termination payments of £106,425 were made during the year (2017: £78,787).

The Nuffield Foundation paid contributions during the accounting period at a rate of £2.20 for every £1 of member contributions up to a maximum of five times the member contribution, together with an additional flat rate sum regardless of contribution, of £1,212 per employee (pro rata to their hours).

The key management personnel of the Nuffield Foundation during the year were its CEO and Directors (comprising the CEO, the Director of Education, the Director of Justice, the Director of Welfare, the Investment Director, the Director of Finance and Information Systems and the Director of HR & Office Services); their combined remuneration during the year was £598,138. They received no benefits additional to those received by other staff.

5. Tangible fixed assets	Leasehold property £000s	Other assets £000s	Assets under construction £000s	Total £000s
Cost or valuation				
At 1 January	5,000	612	-	5,612
Additions	-	49	96	145
At 31 December	5,000	661	96	5,757
Depreciation				
At 1 January	214	328	-	542
Charge for year	72	122	-	194
At 31 December	286	450	-	736
Net book value				
At 31 December	4,714	211	96	5,021
At 1 January	4,786	284	-	5,070

Assets under construction include the development of a new grants CRM system and various infrastructure projects that are expected to come in to use during 2019.

All tangible fixed assets are held for continuing use in the Foundation's activities. The depreciated historic cost of the leasehold property is £1,082k. The lease expires on 24 December 2084 and was revalued on 10 October 2017 by Farebrother Chartered Surveyors.

The valuation has been undertaken using the Investment Method of valuation. The valuation has applied an Equivalent Yield of 5.25% which equates to a Capital Value of £5.0m or £708 per sq ft. This yield is based on a number of comparable transactions with appropriate adjustments to reflect that this property is held on a lease and is thus a diminishing asset.

6. Investments	2018	2017
a. Investments at market value	£000s	£000s
Market value at 1 January	413,943	383,363
Net disinvestment from portfolio	(8,044)	(6,090)
Realised and unrealised gains	(5,467)	36,670
Market value at 31 December	400,432	413,943
Historic cost of listed investments at 31 December	360,618	323,397

b. Disposition of investments	2018	Movement		2017
	£000s	Purchase/Sales	Other	£000s
		£000s	£000s	
Listed equities	234,652	8,515	(10,881)	237,018
Fixed income	74,527	62	455	74,010
Private equity	66,090	(19,611)	14,010	71,691
Hedge Funds	20,891	(95)	2,203	18,783
Currency hedging	(909)	(113)	(537)	(259)
Cash	5,181	11,242	(18,761)	12,700
Total	400,432	-	(13,511)	413,943
Total UK investments	149,373			184,680
Total overseas investments	251,059			229,263
Total	400,432			413,943

Assets held in pooled funds	95,222	97,113
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c. Income from investments	2018	2017
	£000s	£000s
Global equities	2,111	2,335
UK government bonds	2,628	2,666
Private equity	2,024	3,030
Cash	15	4
	6,778	8,035

d. Illiquid assets and investment commitments

At the year end the Foundation had undrawn commitments to private equity funds of £25.2m which are expected to be called at various dates between 2019 and 2030. Over a similar period the current investments in private equity funds are expected to be realised by a return of capital. The carrying value of the private equity investments of £66,090,040 reported above represents the latest valuations of the funds at or prior to 31 December 2018 as provided by the relevant fund managers. However, it is not possible for the trustees to liquidate these investments prior to the future return of capital.

e. Currency hedging

At 31 December 2018 the charity had open forward exchange contracts to sell US dollars, with a total sterling value of £24.9m. The settlement date for all of these contracts was 20 March 2019. These contracts were entered into to reduce the charity’s currency risk arising from global diversification in its investment holdings. The forward exchange contracts have all been revalued at the applicable year end exchange rates and the resulting unrealised translation losses of £0.8m are included within the overall value of the equity investments above.

f. Investments over 5% of the portfolio	2018	2017
	£000s	£000s
Veritas Global Equity Fund	49,164	46,902
Arrowstreet	48,580	-
Hosking Global Sub Fund	45,556	49,867
Orbis	45,191	-

g. Programme-related investments

The Foundation holds 100,000 Ordinary Shares in Charity Bank Ltd with a nominal value of £50,000 and its net asset value is valued at £85,000. This is

a company with a mission to tackle marginalisation, social injustice and exclusion and facilitate social change through investment.

7. Debtors and prepayments	2018	2017
	£000s	£000s
Accrued income	755	1,057
Other debtors	1,268	3,024
	2,023	4,081
Due within one year	1,990	4,028
Due after one year	33	53
	2,023	4,081

8. Grants payable	2018	2017
	£000s	£000s
Grants awarded but not paid at 1 January	25,141	24,186
Grants awarded in the year	13,247	11,068
Grants cancelled in the year	(217)	(389)
Grants paid in the year	(10,509)	(9,724)
Grants awarded but not paid at 31 December	27,662	25,141
Payable within one year	14,903	17,968
Payable after one year	12,759	7,173
	27,662	25,141

For a list of grants awarded in the year please see pages 38 – 44 of the report.

9. Creditors: amounts falling due within one year	2018	2017
	£000s	£000s
Income Tax and National Insurance	87	71
Accruals	264	510
Other creditors	253	62
Deferred income	38	26
	642	669

10. Statement of total return	Permanent endowments	Expendable endowments	Total
	£000s	£000s	£000s
Investment return			
Unrestricted investment income	-	6,505	6,505
Restricted investment income	273	-	273
Unrealised losses	(220)	(5,247)	(5,467)
Investment management costs	(59)	(1,419)	(1,478)
Total return for year	(6)	(161)	(167)
Less: application of return	(554)	(13,194)	(13,748)
Less: transfer to designated funds (Family Justice Observatory)	-	(5,000)	(5,000)
Net total return for year	(560)	(18,355)	(18,915)
Unapplied total return			
At 1 January 2018	7,343	176,866	184,209
At 31 December 2018	6,783	158,511	165,294
'Preserved value' at 31 December 2003	7,581	180,731	188,312

Financial statements and notes

11. Funds a. Fund movements	Balance at 1 January 2018	Movement in Income	Expenditure	Unrealised loss	Transfers		Balance at 31st Dec 2018
	£000s	£000s	£000s	£000s	Endowment £000s	Other £000s	£000s
Endowments							
Permanent endowments							
Elizabeth Nuffield Fund	3,204	59	(13)	(47)	(119)	-	3,084
Commonwealth Relations Trust	11,720	215	(47)	(173)	(435)	-	11,280
	14,924	274	(60)	(220)	(554)	-	14,364
Expendable endowments							
Oliver Bird Fund	23,662	-	(94)	(350)	(447)	-	22,771
Main fund	333,934	-	(1,324)	(4,897)	(11,242)	-	316,471
	357,596	-	(1,418)	(5,247)	(11,689)	-	339,242
Total endowed funds	372,520	274	(1,478)	(5,467)	(12,243)	-	353,606
Expenditure reserve							
Restricted funds							
Elizabeth Nuffield Fund	-	-	(119)	-	119	-	-
Commonwealth Relations Trust	1,398	-	-	-	435	-	1,833
Oliver Bird Fund	3,671	435	(75)	-	447	-	4,478
Other	229	736	(842)	-	-	(19)	104
Total restricted funds	5,298	1,171	(1,036)	-	1,001	(19)	6,415
Unrestricted funds							
Designated							
Strategic Fund	17,911	-	-	-	-	(2,911)	15,000
Ada Lovelace Institute	-	-	(349)	-	-	5,106	4,757
Nuffield FJO	-	-	(2,701)	-	5,000	85	2,384
Other	506	7	(78)	-	-	(4)	431
Total designated funds	18,417	7	(3,128)	-	5,000	2,276	22,572
General fund	1,497	6,290	(14,125)	-	6,242	(2,257)	(2,353)
Total unrestricted funds	19,914	6,297	(17,253)	-	11,242	19	20,219
Total expenditure reserve	25,212	7,468	(18,289)	-	12,243	-	26,634
Total funds	397,732	7,742	(19,767)	(5,467)	-	-	380,240

The transfer of £12,243k between the endowment and expenditure reserves represents £273k of investment income from the permanent endowments plus £6,970k of capital gains which both form part of the total return distribution for 2018 of £13,748k (see Note 10). There is also a transfer of £5m from the main expendable endowment to

create a fund designated to the Nuffield Family Justice Observatory.

Other transfers include a £5m designation from the Strategic Fund to the Ada Lovelace Institute, a £2.1m designation from the General Fund to the Strategic Fund and various minor fund adjustments.

b. Analysis of funds – 2018	Unrestricted funds	Restricted funds	Expendable endowment	Permanent endowment	Total
	£000s	£000s	£000s	£000s	£000s
Investments	-	-	386,068	14,364	400,432
Other fixed assets	-	-	5,106	-	5,106
Net current assets/(liabilities)	20,219	6,415	(39,173)	-	(12,539)
Liabilities due in more than 1 yr	-	-	(12,759)	-	(12,759)
Total funds	20,219	6,415	339,242	14,364	380,240

<i>Analysis of funds – 2017</i>	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Expendable endowment</i>	<i>Permanent endowment</i>	<i>Total</i>
	£000s	£000s	£000s	£000s	£000s
<i>Investments</i>	-	-	399,019	14,924	413,943
<i>Other fixed assets</i>	-	-	5,155	-	5,155
<i>Net current assets/(liabilities)</i>	19,914	5,298	(39,405)	-	(14,193)
<i>Liabilities due in more than 1 yr</i>	-	-	(7,173)	-	(7,173)
Total funds	19,914	5,298	357,596	14,924	397,732

c. Description of funds

- The Elizabeth Nuffield Educational Fund is a permanent endowment, established for the advancement of education and in particular the award of scholarships, grants or loans to women and girls who require financial assistance. It is used to fund the Education grant programme. Unspent income is restricted to this purpose.
- The Commonwealth Relations Trust is a permanent endowment, held for the purposes of promoting a common understanding between the unity of ideals in the United Kingdom and the other members of the British Commonwealth of Nations. Unspent income is restricted to this purpose.
- The Oliver Bird Fund is an expendable endowment, restricted in its use for research into the prevention and cure of rheumatism and associated diseases. It is used to fund research into musculoskeletal conditions. Unspent income is restricted to this purpose.
- The Main Fund includes Lord Nuffield's original endowment and a variety of subsequent gifts that have been subsumed into this fund.
- The 'Expenditure Reserve' is that part of the Foundation's net assets that the trustees have determined to be currently available for future expenditure. It comprises a general fund and a number of designated funds:
 - The Strategic Fund represents the unallocated portion of the £20m set aside in our strategy for major, longer-term projects.
 - The Ada Lovelace Institute represents commitment to fund an independent research and deliberative body tasked to ensure data and AI work for people and society.
 - The Nuffield Family Justice Observatory represents a commitment to the development and pilot delivery phases of an initiative to support the best possible decisions for children by improving the use of data and research evidence in the family justice system in England and Wales.
 - Other designations include future commitments made to co-funders by Trustees for Q-Step and the Nuffield Council on Bioethics.

12. Related party transactions

Each Trustee is entitled to an annual allowance by virtue of the provisions of the Trust Deed. During the year Trustees received £10,505 and the chairman received £15,390. In addition, Trustee Indemnity Insurance was purchased during the year.

	2018	2017
	£000s	£000s
Trustee remuneration	90	79
Expenses paid to the Trustees		
Travel expenses and accommodation	16	11
Number of Trustees receiving expenses:	7	5

Reference and administrative details

Trustees

Professor Sir Keith Burnett CBE FRS
(Chair from 1 October 2018)
Professor David Rhind CBE, DSc, FRS, Hon FBA
(Chair until the end of his term as Trustee
on 30 September 2018)
Professor James Banks MSc, PhD
Dame Colette Bowe MSc, PhD
Professor The Lord Krebs Kt, MA, DPhil, FRS, FMedSci
(Deputy Chair)
Professor Terrie Moffitt MA, PhD, FBA, FMedSci
Rt Hon Sir Ernest Ryder TD, DL, FRSA
Professor Anna Vignoles PhD FBA

Senior staff

Tim Gardam, Chief Executive
James Brooke Turner, Investment Director
Deirdre Carty, Director of HR and Office Services
Mark Franks, Director of Welfare (appointed June 2018)
Ian Hanham, Director of Finance and
Information Systems
Josh Hillman, Director of Education
Rob Street, Director of Justice (appointed August 2018)
Teresa Williams, Director of Justice and Welfare
(to February 2018)

Principal address

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Solicitors

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Global Custodian

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Bankers

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