

Annual Report
and Financial
Statements

Contents

Chair's foreword	2
Chief Executive's foreword	3
The year in numbers	4
Trustees' report	8
Objectives and activities	8
Achievements and performance	9
Research portfolio	9
Education	10
Welfare	17
Justice	21
Cross-cutting projects	27
Student programmes	31
Nuffield Research Placements	31
Q-Step	35
Nuffield Council on Bioethics	37
Plans for future periods	39
Financial review	41
Principal risks	46
Structure, governance and management	47
Independent auditors' report	50
Financial statements and notes	53
Reference and administrative details	73

Chair's foreword

This report sets out the work we have undertaken in 2017 in pursuit of our mission to advance social well-being. In it, we account for our charitable expenditure for the year, which was £14.6 million, an increase on £8.3 million in 2016. Whilst this increase is partially explained by a number of grants that were conditionally awarded in 2016 but not finalised until early 2017, it can also be seen to mark the beginning of a new period of growth for the Nuffield Foundation.

We have ambitious plans for the next five years, which will lead to us increasing our level of expenditure over the period to 2023. These plans are set out in our new strategy, which we published in June 2017. Core commitments include the Nuffield Family Justice Observatory, the Ada Lovelace Institute, and a new Strategic Fund, for which we will make a call for proposals in 2019. We are able to make these commitments to increase our expenditure due to the excellent investment returns of recent years.


On a personal note, 2017 was my last full year as Chair of the Foundation as I will retire from the Board in October 2018 and hand over to our Chair-elect Professor Sir Keith Burnett. Sir Keith is President and Vice-Chancellor of the University of Sheffield and a renowned physicist. He has been at the forefront of higher education and research in the UK, and has provided independent advice to government on high-profile education and

infrastructure issues. We are delighted to have him on board.

I would also like to welcome Dame Sally Macintyre, who was appointed by the Foundation, the Wellcome Trust and the Medical Research Council as the first Chair of the Governing Board of the Nuffield Council on Bioethics. Dame Sally is a Professor Emeritus at the University of Glasgow, a member of the Human Tissue Authority and of the Ethics and Governance Council of UK Biobank. We are pleased that someone of such calibre will Chair the Board, and we will appoint additional members in 2018.

On behalf of the Foundation, I extend my congratulations to our former Chair Baroness Onora O'Neill, who in 2017 was awarded two prestigious prizes: the Berggruen Prize for Philosophy; and the Holberg Prize for outstanding contribution to research. We also congratulate our former Trustee Baroness Hale, on her appointment as President of the Supreme Court, and are honoured that she will give our 75th Anniversary lecture in May 2018.

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 Coordinators, and to all those who ensure we continue to fund rigorous research by giving their time to peer review research proposals.



Professor David Rhind
Chair

Chief Executive's foreword

In 2017, we published a new five-year strategy. It sets out how we have revisited our original objectives of 75 years ago and re-focused them to meet the challenges presented by the rapid social, demographic, technological and economic changes in UK society.

We remain at heart an independent funder of research. Our independence in turn encourages our grant applicants to exercise their freedom to reframe questions and develop research in ways in which they might not otherwise have the opportunity to do. Our main areas of interest are built upon three core domains of **Education, Welfare, and Justice**. We will also fund work in areas that cut across these domains, in particular the impact on people's lives of digital technologies, social inclusion between and across generations, the significance of social geography in an increasingly diverse society, and the impact of disability and chronic illness. We published a new guide for applicants alongside our new strategy, and made the first awards under these new criteria in March 2018.

We are fortunate that our investment performance allows us to increase our ambition financially, and we have established a new £20 million Strategic Fund that will enable us to fund additional, larger-scale projects. An initial £5 million commitment from the Strategic Fund is the Ada Lovelace Institute, which will examine the ethical and social issues arising from the use of data, algorithms, and artificial intelligence, and to ensure they are harnessed for social well-being. The Institute exemplifies our approach to working more closely with partners, and has been developed in collaboration with The Alan Turing Institute, the Royal Statistical Society, the Nuffield Council on Bioethics, the Wellcome Trust, the Royal Society, the British

Academy, techUK and Omidyar Network's Governance & Citizen Engagement Initiative. We aim to have the Institute fully established by the end of 2018, and in 2019, we will issue a call for new proposals to the Strategic Fund.

We will further this ambition by strengthening our role as convenor. We can provide a network that connects universities, think tanks and professional bodies. We can assist them in engaging with legislators at all levels of government, with regulatory and other agencies, and with public institutions, especially those delivering the Education, Welfare, and Justice systems. Similarly, we will enhance the collective impact of the projects we fund through synthesis – identifying the links between the research we fund, and articulating its implications.

Building on the success of our programmes that provide opportunities for individual students – Q-Step and Nuffield Research Placements – we will develop new ways to equip young people with skills and confidence in scientific and quantitative methods by expanding our student programmes to other disciplines and younger age groups.

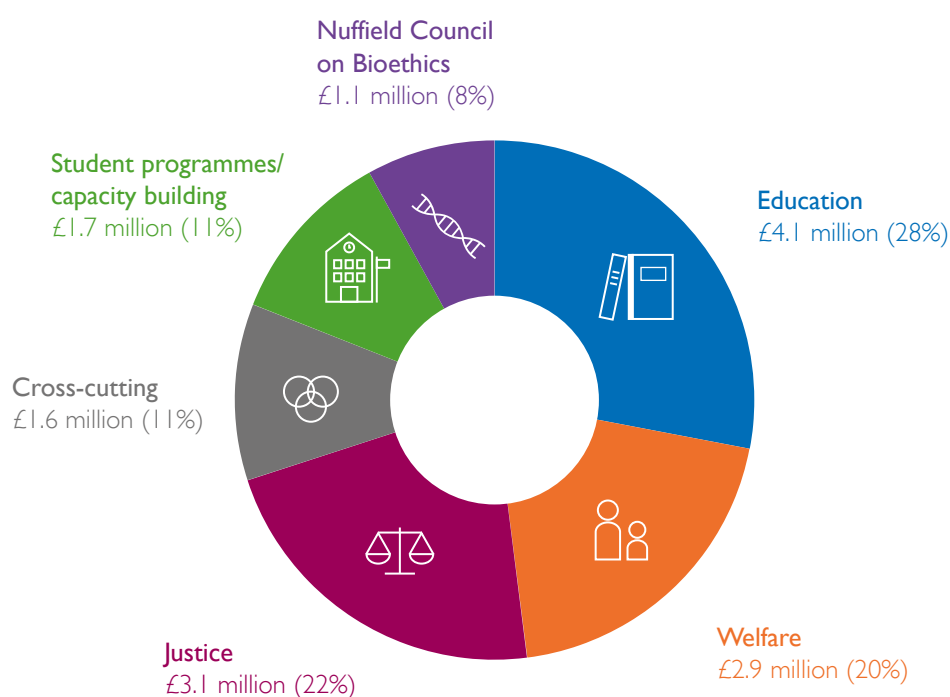
This is a long-term programme, and it will grow and take shape gradually over the next five years. Since setting out our strategy in the summer of 2017, we have focused on putting in place the programme teams and systems that will allow us better to engage and support the researchers whom we fund. We have created a new position of Director of Welfare; we are strengthening existing partnerships, forging new ones and taking the Foundation to universities across the UK. This report sets out some of the early progress we have made, and gives an overview of our future plans.



Tim Gardam
Chief Executive

The year in numbers

Charitable expenditure
of £14.6m in 2017



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

£10.3m of grant expenditure comprised of

54 new projects + **9** projects already 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.

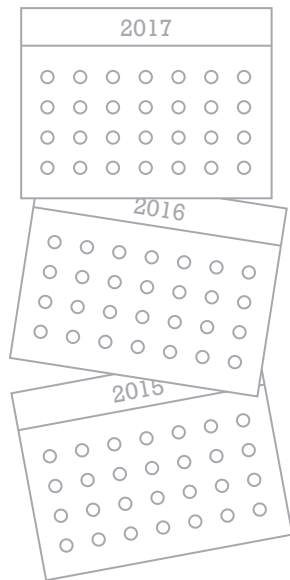


422 outline applications received*

59 full applications invited and considered*

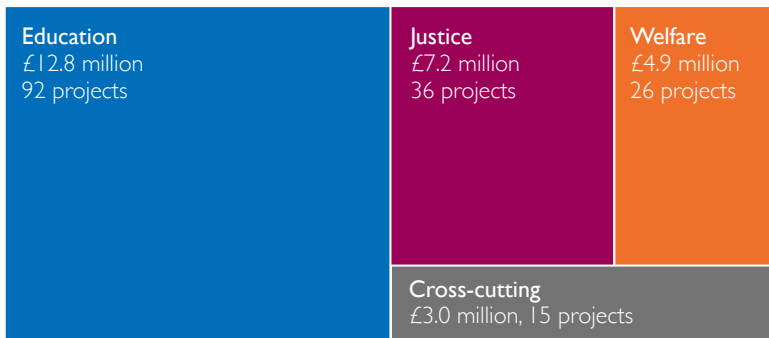
*These are 'snapshot' figures for the 12-month reporting period, and not the 'pipeline' of applications from outline to successful award.

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 2017 we were managing:

169 research, development and analysis projects,
with a total value of **£27.9m**



Who do we fund?



Universities
133 projects



Research institutes
20 projects



Voluntary organisations
11 projects



Professional bodies
2 projects



Think tanks
2 projects



Primary Care Trusts
1 project

The year in numbers

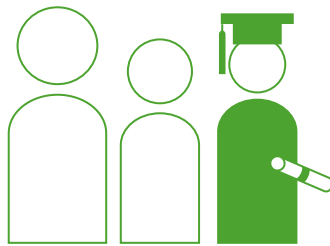
Student programmes

Nuffield Research Placements



57%

of students received a bursary (compared to 50% in 2016 and 46% in 2015)



53%

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



7,668 students registered an interest



3,411 students completed an application



1,138 students placed (compared to 1,213 in 2016 and 1,164 in 2015)



1,102 students completed a placement

Q-Step



1,231 students enrolled on 68 different Q-Step degree programmes (compared to 694 in 2016 and 368 in 2015)

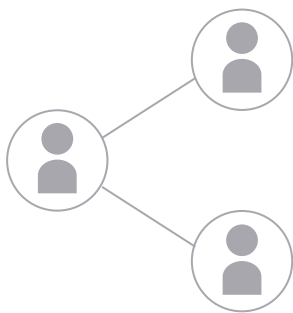


8,527 students were taking at least one of 193 different Q-Step modules (compared to 7,994 in 2016 and 5,157 in 2015)



228 students undertook Q-Step work placements (compared to 173 in 2016 and 120 in 2015)

Communications and engagement



19%

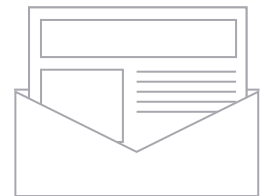
increase in Twitter followers (to 6,411) over the course of the year



Over

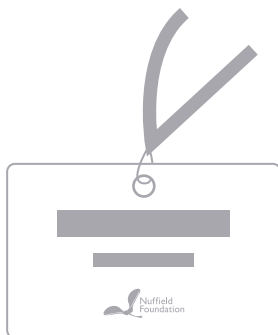
550,000

visits to the Nuffield Foundation website (excluding the Practical Biology microsite), the same as in 2016



21%

increase in subscribers to our e-newsletters (to 3,433) over the course of the year



Convened 84 meetings and events at the Foundation, attended by around 2,000 people



Nuffield Foundation mentioned 172 times in the UK national media, and over 2,000 references to work we have funded*

*This is an approximate figure as we cannot collect data on every single media mention of work we have funded

Trustees' report

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, Justice and Welfare.
- 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.

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.
- 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 our target demographic, 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).

In addition, we are developing a success framework with the aim of better demonstrating how the work we fund, our support activities, strategic projects and programmes contribute to our mission to advance social well-being. We aim to complete this work in 2018.

Achievements and performance

In June 2017, we published a five-year strategy that considers how the Foundation's original objectives can best be interpreted to meet the changing needs of our society. Our strategy sets out plans to award an additional £20 million for funding research and development projects over the next five years, bringing our anticipated expenditure for the period 2017–2022 to at least £70 million. We will use the additional money to fund large scale, longer-term projects that align with our strategic goals.

We will phase implementation of the strategy over the next five years. We have made good progress in some areas, for example on the development of an independent body to tackle the ethical and social issues arising from data use, artificial intelligence and associated technologies (see page 39). We have also implemented new funding criteria reflecting the re-purposing of our research, analysis and development grants from seven separate programmes into one funding stream defined by three broad domains of Education, Welfare and Justice (with a number of themes cutting across these).

Other areas of our strategy will be implemented over the next few years. For example, the call for applications to the Strategic Fund will take place

during 2019. This timetable is due partly to the faster pace of other projects, and partly due to needing to recruit and embed new staff within our research and policy team.

In this section, we report in more detail on our achievements and performance for different areas of our work: our research, development and analysis grants, our student programmes, and the Nuffield Council on Bioethics.

Research portfolio

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.

During 2017 we made research, development and analysis grants totalling £10.3 million, an increase on last year's figure of £4.5 million. This is due in part to £3.3 million of grant expenditure being awarded in November 2016 but not finalised until 2017. In addition, this year we set an increased budget for grants expenditure, reflecting our objective to have capacity to fund larger research projects. For example, this year we awarded a grant of £1 million to the Centre for Analysis of Social Exclusion (CASE) at the LSE for a major new research programme which will analyse the progress of social policy in addressing social inequalities. We provide a more detailed evaluation of our expenditure and investment performance in the financial review (see page 41).



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 2017 we funded 19 new projects, with a total value of £3.5 million. Combined with ongoing projects funded in previous years, this means at the end of 2017 we were managing 92 education projects with a total value of £12.8 million. In addition, we launched a specialist call for proposals on the development of early years interventions that aim to improve outcomes for disadvantaged children. The call was part of a new strategic partnership with the Education Endowment Foundation (EEF) that will deliver an end-to-end approach to building evidence in early years interventions, from development and early evaluation, through to large randomised

controlled trials (RCTs) and the scaling up of successful approaches. We launched the call at a conference in May 2017, which enabled us to engage face-to-face with people working in this area, and to bring together those working in development

During 2017 we funded 19 new projects, with a total value of £3.5 million

with those experienced in evaluation. The conference featured presentations from development teams of successful interventions, including the Nuffield Early

Language Intervention. We shortlisted six applications from the call, and Trustees made initial funding decisions at their March 2018 meeting.

A full list of new education projects funded in 2017 is overleaf. We then go on to detail some key outputs published during the year, and some examples of policy and practice impact recorded during the year.

Education grants awarded in 2017

Name	Purpose	Value (£)	Term (months)
Professor Wendy Carlin, Department of Economics, University College London	Economy, society, and public policy: an introduction to economics and quantitative social science	339,633	38
Professor David Berridge, School for Policy Studies, University of Bristol	The educational attainment and progress of children in need and children in care	314,052	20
Dr Laura Shapiro, School of Life and Health Sciences, Aston University	Reading and vocabulary (RAV): how do reading ability and reading practice influence vocabulary growth?	306,733	26
Professor Andrew Noyes, School of Education, University of Nottingham	Mathematics in further education colleges (MIFEC)	256,298	27
Dr Matt Homer, School of Education, University of Leeds	The early take-up of core mathematics: successes and challenges	256,285	36
Dr Louise Tracey, Department of Education, University of York	Assessing changes in preschoolers' home learning environment following the Early Words Together programme	225,764	34
Dr Gill Wyness, Department of Social Science, UCL Institute of Education, University College London	Undermatch in higher education: prevalence, drivers and outcomes	224,486	24
Jude Hillary, National Foundation for Educational Research	A diagnostic analysis of the effect of retention and turnover on the teaching workforce	219,866	15
Professor Ian Walker, Department of Economics, Lancaster University	Secondary school choice and academic attainment	196,364	24
Professor Alastair Sutcliffe, Institute of Child Health, University College London	Educational outcomes in children born after assisted reproductive technology; a population based linkage study	187,193	24
Professor Kate Purcell, Institute for Employment Research, University of Warwick	Degrees of advantage? A longer-term investigation of the careers of UK graduates	173,589	18
Dr Vikki Boliver, School of Applied Social Sciences, Durham University	Fair admission to universities in England: understanding & improving policy and practice	169,245	24
Professor Ruth Lupton, Manchester Institute of Education, University of Manchester	Choice and progression in the transition from secondary education: the experience of GCSE lower attainers and the potential for change at the city-region level	168,422	22

Name	Purpose	Value (£)	Term (months)
Dr Mary Oliver, School of Education, University of Nottingham	PISA: Engagement, Attainment and interest in Science (PEAS)	158,962	24
Professor Alison Wolf CBE, School of Management and Business, King's College London	Why have universities transformed their staffing practices? An investigation of changing resource allocation and priorities in higher education	77,382	17
Dr John Jerrim, Department of Social Science, UCL Institute of Education, University College London	Grammar schools: socio-economic differences in application and attendance rates, and their association with pupils non-cognitive, socio-emotional and behavioural outcomes	59,041	18
Dr Birgitta Rabe, Institute for Social and Economic Research, University of Essex	Impact of the universal infant free school meal policy	57,198	18
Dr Sarah Cattan, Institute for Fiscal Studies	Feasibility study for a scalable and sustainable home-visiting programme for disadvantaged young children in England	47,921	9
Jo Hutchinson, Education Policy Institute	Epidemiology of special educational needs: who gets access to support in school, and how does this correspond with access to child and adolescent mental health services for relevant groups?	47,579	15
NEW EDUCATION GRANTS		£3,486,013	
CANCELLED GRANTS		(£146,273)	
TOTAL		£3,339,740	

Key education outputs published in 2017

What:	Long-run comparisons of spending per pupil across different stages of education
Who:	Luke Sibieta at the Institute of Fiscal Studies
Headline finding:	Spending per pupil in schools (up to year 11) is set to be at least 70% higher in 2020 than it was in 1990, but the equivalent figure for sixth forms and FE is set to be no higher at all than it was in 1990.
What:	Quality in early years settings and children's school achievement
Who:	Dr Jo Blanden, University of Surrey
Headline finding:	Childcare provision has had little impact on outcomes since the inception of the free entitlement and politicians must now focus efforts on quality. Although this research did not find a significant link between staff qualifications and Ofsted ratings and improved educational outcomes, it did demonstrate that there are differences in outcomes between nurseries. The findings should be considered in context of other research we have funded (using different measures), which did suggest a link between staff qualifications and the quality of the early years settings.
What:	When to teach what: are there sensitive periods for learning in adolescence?
Who:	Professor Sarah-Jayne Blakemore, UCL
Headline finding:	Older teenagers and young adults are able to improve their fundamental maths skills and reasoning abilities more rapidly than younger teens.
What:	Rethinking the value of advanced mathematics participation
Who:	Professor Andrew Noyes, University of Nottingham
Headline finding:	Eighty per cent of 17-year-olds disagree with the idea of making maths compulsory post-16 even though there is evidence that those with A level Maths earn more later in life.
What:	Dynamic digital technologies for dynamic mathematics
Who:	Dame Celia Hoyles, UCL
Headline finding:	New digital technologies could be the key to improving pupils' maths outcomes provided teachers have access to training and support in their use.
What:	Continuing education post-16: does what you study at GCSE matter?
Who:	Jake Anders, UCL Institute of Education
Headline finding:	Girls who take 'applied' subjects, such as health and social care or home economics at GCSE may be facing educational disadvantage as a result.
What:	The Special Educational Needs in Secondary Education (SENSE) study
Who:	Professor Peter Blatchford, UCL Institute of Education
Headline finding:	School staff are not sufficiently trained to meet the needs of pupils with learning difficulties, with special needs education heavily reliant on under-trained teaching assistants.
What:	The effect of retention and turnover on the teaching workforce
Who:	Jude Hillary, National Foundation for Educational Research (NFER)
Headline finding:	<ul style="list-style-type: none"> Leaving rates are particularly high for early-career teachers in Ebacc subjects. Better part-time opportunities are needed to prevent teachers leaving the profession and to encourage former teachers to return to work part-time. Teachers who leave teaching in a state-funded school have lower pay on average in their new job, but improved job satisfaction.

What:	Morphological processing in children with phonological difficulties
Who:	Professor Julia Carroll, Coventry University
Headline finding:	One in four children with reading difficulties have mild or moderate hearing impairment of which their parents and teachers were unaware.
What:	Investigating the impact of a Realistic Mathematics Education (RME) approach on achievement and attitudes in post-16 GCSE resit classes
Who:	Sue Hough, Manchester Metropolitan University
Headline finding:	Students receiving RME intervention showed improved attainment on post-test performance in number but not algebra.
What:	The first year at school in the Western Cape: growth, development and progress
Who:	Professor Peter Tymms, Durham University
Headline finding:	Starting school at a younger age improves educational attainment for children in South Africa.
What:	Does promoting parents' contingent talk with their infants benefit language development?
Who:	Dr Danielle Matthews, University of Liverpool
Headline finding:	Increasing parental use of contingent talk – where a caregiver notices what their baby is attending to and talks to them about it – improves babies' language in the short term.

Policy and practice impact of Education projects

Investment in post-16 maths

Our work in post-16 maths was influential in the government's decision to make an additional £406 million investment in maths and technical education, including financial incentives for schools that increase take up of A level or Core Maths. This investment was informed by the recommendations of Sir Adrian Smith in his report on post-16 maths, which was heavily influenced by the Foundation. Sir Adrian consulted with the Foundation during his review, and his report cites several of our reports on post-16 maths policy and participation. Several of his recommendations echoed those made by the Foundation in our 2014 report, *Mathematics after 16*, including calls for the government to:

- Increase access to core maths for post-16 students on academic routes.
- Work with learned societies to encourage universities to give more weight to level 3

mathematics qualifications for entry to undergraduate courses with a quantitative element.

- Improve the evidence base on the further education workforce in order to understand and address issues of teaching supply, quality and retention.

We are pleased that our work has been influential in securing additional funding for post-16 maths, although we believe there is more we can do to support increased participation. To this end, we are funding a team from the University of Leeds to undertake an assessment of the early progress of Core Maths, the new post-16 mathematics qualification. We have also awarded a grant to Professor Andy Noyes at the University of Nottingham to provide evidence-based advice for policymakers, college managers and teacher on how to improve the quality of mathematics education in Further Education colleges.

Early years workforce strategy

Our work on early years education has influenced government policy on the development of the early years workforce. Our 2014 report – *Quality and Inequality* – was cited in the government's Early

Years Workforce Strategy as evidence for the need to maximise the number of specialist graduates employed in disadvantaged areas. One of the report's key findings was that there is a 'quality gap' in private nurseries between disadvantaged and more advantaged areas, but that this gap is much smaller in nurseries employing a graduate. The report was written by Sandra Mathers and Rebecca Smees and presented findings from their quality in childcare project funded by the Foundation.

Educational progress of children in care

Research into understanding and promoting the educational progress of children in care has had significant impact on government policy. Published in 2015, the Nuffield-funded research was led by Professor Judy Sebba at the University of Oxford and over time, has led to both the Minister for State and the President of the Association of Directors of Children's Services (ADCS) to publicly acknowledge its influence in recognising that entry to care is generally beneficial educationally for children, compared to those 'in need' but not in care.

The impact of the research has been reflected in three key areas. The Department for Education (DfE) will now report on the educational attainments of children in need alongside children in care; Ofsted will modify the inspection process by having more collaboration between education and social care inspectors; and local authorities have improved their policies and practice. The findings have also led to reinforcing use of the Strengths and Difficulties Questionnaire (SDQ), shown to be a strong predictor of pupils' educational progress. A national evidence-based recording system (NEXUS) has also incorporated the study's findings and measures and local authorities, including Ealing, Hampshire and Salford, have revised their policies for children in care. NEXUS has recently received DfE funding and the research team has been invited to join the NEXUS Steering Group, using the research findings and expertise to guide its future development.

Impact on the Social Mobility Commission

We continue to have an impact on the social mobility policy agenda. In June, the Social Mobility Commission published its assessment of government policies from the last 20 years designed to increase social mobility. The Commission cited five pieces of Nuffield-funded research as evidence for its assessment:

- IFS long-run comparisons of spending per pupil across different stages of education.
- IFS analysis of heterogeneity in graduate earnings by socio-economic background.
- Centre for the Analysis of Social Exclusion (CASE) assessment of the Coalition's record on the under fives (part of the Social Policy in a Cold Climate project).
- CASE assessment of the Coalition's record on further and higher education and skills (also part of the Social Policy in a Cold Climate project).

Although our influence on the Commission's work is clear, unfortunately the impact on government policy is not. At the end of 2017, all four board members of the Social Mobility Commission stood down in protest at the lack of progress towards a 'fairer Britain'.



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

Case study: Subject choices

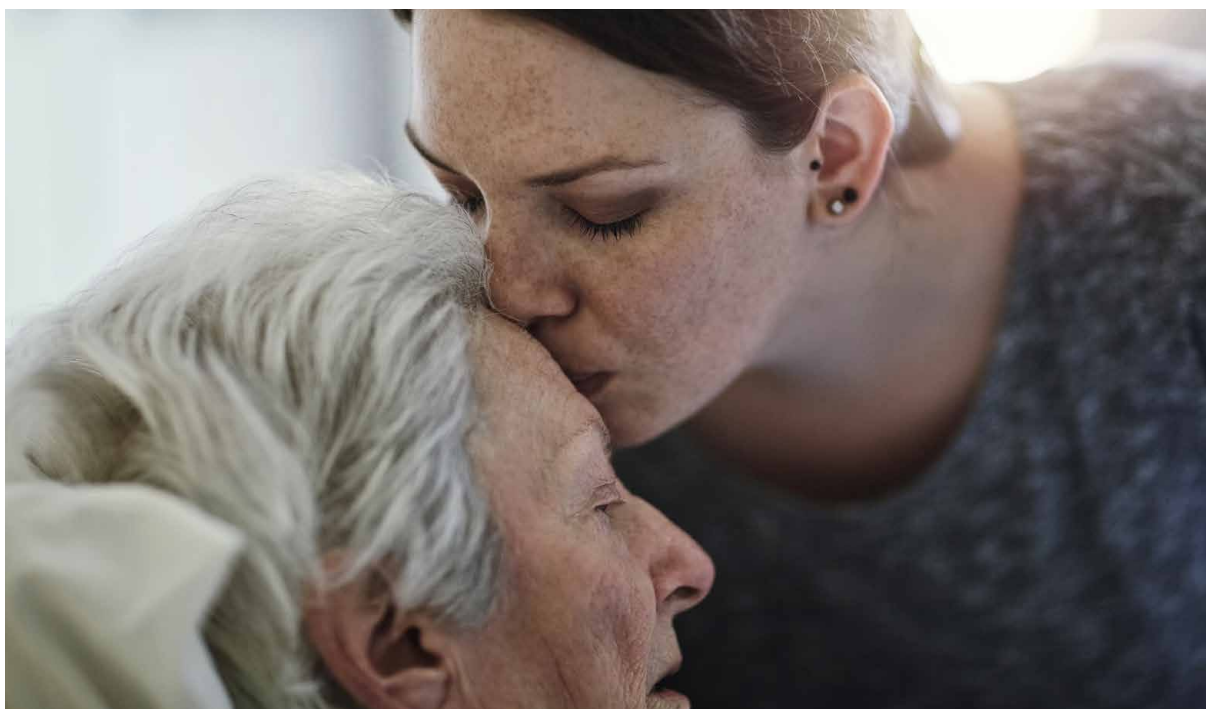
The issue of subject choice and its effect on young people's future study paths, careers and earning potential is another area where we are advancing the policy debate by synthesising a body of work we have funded. In November, we convened a conference on *Young people's subject choice: influences and impact*, which brought together policy makers and researchers to discuss the implications of three Nuffield-funded projects. Collectively, these projects have some important findings:

- Pupils from lower socioeconomic backgrounds are less likely than their more privileged peers to choose GCSE subjects that would enable them to go to university – regardless of whether they are academically able.
- Young people – particularly girls – who take 'applied' subjects such as health and social care or home economics at GCSE are at a disadvantage because they are less likely to take 'facilitating' A levels favoured by prestigious universities. And the biggest driver for this choice of subject is not pupils' own past performance, but the average level of attainment at their school.
- Year 11 pupils would make different choices about A levels if they were given information about the relationship between university

subject and labour market outcomes. For example, pupils who were given information on graduate earnings were 39% more likely to study maths than those who were not.

- Whether 16-year-olds choose to study A levels is influenced equally by genetic and shared environmental factors. But specific choices about subjects and A level grades are substantially inherited.
- Some quite small grade differences at GCSE can have very different impacts for young people's paths and later outcomes.

The principal researchers on these projects, Jake Anders from the UCL Institute of Education, Kathryn Ashbury from the University of York, and Peter Davies from the University of Birmingham, presented findings, and a discussion was led by The Rt Hon David Laws, Dr Paul Newton and Professor Cristina Iannelli. The discussions helped to shape the agenda for further action in the area of subject choice by identifying some important questions, such as how to mitigate the risk of young people making choices that may disadvantage them, and how to evaluate the impact of A level reform (and introduction of T levels) on student choice.



Welfare

Our new Welfare portfolio builds on our earlier work in economic advantage and disadvantage, and the finances of ageing. Our objective is to improve lifelong economic and social well-being and participation through providing evidence that identifies and explores the factors that determine people's welfare. 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 2017, we funded 11 new welfare projects and provided funding for additional work on three projects funded in previous years, with a total value of £2.6 million. Combined with ongoing projects funded in previous years, this means at the end of 2017 we were managing 26 welfare projects with a total value of £5 million.

A full list of new welfare grants made in 2017 is overleaf. We then go on to detail some key outputs published during the year, and some examples of wider impact.

During 2017, we funded 11 new welfare projects and provided funding for additional work on three projects funded in previous years, with a total value of £2.6 million

Welfare grants awarded in 2017

Name	Purpose	Value (£)	Term (months)
Dr Polly Vizard, Centre for Analysis of Social Exclusion, London School of Economics and Political Science	Social policies and distributional outcomes in a changing Britain	1,000,500	37
Dr Daniel Richardson, Cognitive, Perceptual and Brain Sciences and Psychology, University College London	The psychological roots of societal self harm: mass participation experiments	270,250	36
Professor Miles Hewstone, Department of Experimental Psychology, University of Oxford	The impact of ethnic diversity on well-being and health	220,224	36
Mr Robert Joyce, Institute for Fiscal Studies	Inheritances and inequality within generations	195,545	24
Dr Gundi Knies, Institute for Social and Economic Research, University of Essex	Investigating people-place effects in the UK using linked longitudinal survey and administrative data	188,407	32
Dr Peter Howley, Environment Department, University of York	Immigration and well-being	181,367	32
Professor Brian Nolan, Department of Social Policy and Intervention, University of Oxford	The wealth of families: long-lasting consequences of family wealth for adult socio-economic attainment and wellbeing	171,299	18
Dr Carlos Vargas-Silva, Centre on Migration, Policy and Society, University of Oxford	The economic integration of refugees in the UK	127,695	24
Professor Ruth Hancock, Norwich Medical School, University of East Anglia	Additional work on understanding the interactions between state pension and long-term care funding reforms in Great Britain (project first funded in 2014)	77,008	44
Dr Demi Patsios, School for Policy Studies, University of Bristol	The distribution and dynamics of economic and social wellbeing in the UK: an analysis of the recession using multidimensional indicators of living standards	69,975	18
Dr Laurence Lessard-Phillips, Institute for Research into Superdiversity (IRiS), University of Birmingham	Vulnerable migrants and wellbeing: a pilot study	24,110	12
Caroline Bryson, Bryson Purdon Social Research LLP	Can we improve the survey representation of non-resident parents, and collect robust data on reasons for separation?	18,189	7

Name	Purpose	Value (£)	Term (months)
Dr 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? (project first funded in 2016)	5,300	24
Dr Polly Vizard, Centre for Analysis of Social Exclusion, London School of Economics and Political Science	Additional work on multidimensional child poverty and disadvantage: tackling 'data exclusion' and extending the evidence base on missing and 'invisible' children (project first funded in 2015)	3,670	26
NEW WELFARE GRANTS		2,553,539	
CANCELLED GRANTS		(99,819)	
TOTAL		2,453,720	

Key welfare outputs published in 2017

What:	Understanding Britain's fall in real wages from 2008–2014
Who:	Professor Paul Gregg, University of Bath (in association with the Resolution Foundation's Intergenerational Commission)
Headline finding:	Rising inflation and pay restraint means that average real pay is now falling in the public sector, and is expected to continue falling over the next three years. Pay is stagnating across all sectors, and although all generations are affected, younger ones have fallen back most.
What:	In-work poverty in the UK
Who:	Dr Rod Hick, Cardiff University
Headline finding:	Sixty per cent of people living in poverty in the UK live in a household where someone is in work, the highest figure recorded, and the risk of poverty for adults living in working households rose by more than a quarter (26.5%), from 12.4% to 15.7%, during the ten year period 2004/5 to 2014/15.
What:	Responses to changes in marginal tax rates for high earners
Who:	James Browne, IFS
Headline finding:	Those affected by the 50% income tax rate adjusted their incomes in response, but it is not possible to obtain precise estimates of the degree of underlying responsiveness of high earners to tax in the UK.
What:	The Healthy Ageing in Scotland (HAGIS) pilot study
Who:	David Bell, University of Stirling
Headline finding:	A wealth of information that will inform, influence and support the debate around how Scotland tackles problems posed by its ageing population.
What:	Progression and retention in the labour market
Who:	Professor Mike Brewer, IFS
Headline finding:	Time limited in-work benefits such as 'in work credit' and the 'Employment Retention and Advancement demonstration' can help increase the probability of people moving into paid work and staying there.

What:	The transmission of labour market shocks to living standards
Who:	Robert Joyce, IFS
Headline finding:	Planned benefit cuts will leave low-income households more exposed to the next recession. Recessions have a lasting impact on employment and pay of young adults – but parents can provide an important safety net.

What:	The economic integration of refugees in the UK
Who:	Dr Carlos Vargas-Silva, University of Oxford
Headline finding:	Refugees in the UK have similar rates of long-lasting medical conditions to the UK-born population, but are more likely to report mental health problems.

Policy and practice impact of welfare projects

When it comes to securing policy impact, the ability of our grant-holders to secure policy impact is affected by government priorities. During 2017, several of our grant-holders have reported difficulties with policy engagement due to the government's focus on Brexit. This does not solely affect our welfare projects, but the delay of the government green paper on social care is an example affecting several of our welfare grant-holders. Professor Ruth Hancock's work on the impacts of long-term care and state pension reforms and their potential interactions is a particularly relevant example. On the flip side, we have also seen instances where our projects have been prescient in relation to Brexit and consequently have had accelerated engagement and impact with government, such as Rebecca Riley's project on pay determination and labour market outcomes. Rebecca has presented some early findings of her work to a NIESR workshop on regional and sectoral impacts of Brexit, and has also briefed officials from the Department for Exiting the European Union.

Data on separated families

In May, we published findings from a study to establish the evidence needs in relation to family separation in the UK, and to assess whether the

existing data infrastructure is sufficient to meet them. The study team, led by Caroline Bryson of Bryson Purdon Social Research highlighted significant shortcomings in the evidence base and concluded that the lack of data on the lives of separating and separated families is hindering effective policy making for children and families.

The report has already had an impact in a number of ways. The study team are working with the *Understanding Society* Innovation Panel to devise and test a new set of questions aimed at improving representation of non-resident parents and understanding of how the reasons for separation – and who instigates it – affect what happens to people afterwards. We have awarded a small grant to fund the analysis and reporting on these preliminary data.

In addition, the *Understanding Society* team is reviewing the content of its interview in light of the report's findings and recommendations. And Caroline Bryson is working with CLOSER, the organisation tasked with maximising the use, value and impact of the UK's longitudinal studies, to facilitate the easy identification on its web database of longitudinal survey questions related to family separation – which will aid longitudinal research on family separation.



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 participation and rights of vulnerable people within the legal system.

During 2017, we funded 15 new Justice projects, and additional work on five projects funded in previous years, with a total value of £2.8 million. Combined with ongoing projects funded in previous years, this means at the end of 2017 we were managing 36 justice projects with a total value of £7.1 million.

Nuffield Family Justice Observatory

We have continued to develop our plans for a Nuffield Family Justice Observatory to support the best possible decisions for children by improving the use of data and research evidence in the family

During 2017, we funded 15 new Justice projects, and additional work on five projects funded in previous years, with a total value of £2.8 million

justice system in England and Wales. The Family Justice Review of 2011 found that research evidence and administrative data have great potential to support decision-making in family justice, but is an underused resource.

As one of the principal funders of research in family justice, the Foundation is well placed to play a leading role in addressing this.

We commissioned a scoping study – led by Professor Karen Broadhurst at Lancaster University – to establish in more detail the purpose, functions and delivery options for an Observatory. The scoping study reported in 2017, and we have used its findings, which included extensive consultation with stakeholders, to inform the incubation phase of the Observatory, which will begin in March 2018 with a 12-month development phase to build the necessary infrastructure and operating model. This will include developing a Data Platform and Analytics Service, a portfolio of Observatory ‘products’, and a model

for regional-working. We will also set out a work plan for the first year of the pilot phase, and deliver a flagship study on infants in the family justice system. In terms of funding, we have identified a fund of up to £5m initially that will be available for the Observatory’s incubation, and will report on this in 2018.

A full list of new justice projects funded in 2017 is below. We then go on to detail some key outputs published during the year, and some examples of wider impact.

Justice grants awarded in 2017

Name	Purpose	Value (£)	Term (months)
Professor Marian Brandon, Centre for Research on Children and Families, University of East Anglia	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?	395,724	24
Professor Ruth Gilbert, Administrative Data Research Centre for England (ADRC-E), University College London	Understanding the health needs of mothers and children involved in family court cases	394,802	42
Dr Rick Hood, Faculty of Health, Social Care and Education, Kingston University	Identifying and understanding the link between system conditions and welfare inequalities in statutory children’s social care services	263,652	24
Professor Jill Stavert, The Business School, Edinburgh Napier University, Edinburgh Napier University	The mental health MHTS for Scotland: The views and experiences of patients, named person, practitioners and MHTS members	258,787	36
Dr Lauren Devine, Faculty of Law, University of the West of England	Investigating the reasons for the rise in care order applications in the family courts with particular focus on the Bristol Civil and Family Justice Centre	192,107	27
Professor Penny Cooper, Department of Social Sciences, University of Roehampton	Vulnerability in the courts: a research and policy project	191,594	20
Dr Tim Bateman, Institute of Applied Social Research, University of Bedfordshire	The pathways of incarcerated children in care: implications for policy and professional practice	182,668	24
Professor Amanda Sacker, International Centre for Lifecourse Studies, University College London	Looked-after children grown up	175,228	24

Name	Purpose	Value (£)	Term (months)
Professor Judith Harwin, Department of Applied Social Science, Lancaster University	Additional work on a national study of the contribution of supervision orders and special guardianship to family justice, children's services and child outcomes (project first funded in 2015)	167,722	35
Matt Barnard, National Centre for Social Research	Measuring outcomes for children's social care services	136,384	24
Professor Robert Thomas, School of Law, University of Manchester	Immigration Judicial Reviews	113,830	16
Dr Richard Kirkham, School of Law, University of Sheffield	Challenging the ombudsman: are current review processes fit for purpose?	83,521	18
Cathy Ashley, Family Rights Group	Addressing the 'care-cases crisis', a sector-led review	79,850	9
Renuka Jeyarajah-Dent, Coram Life Education, Coram	Visualising data in care proceedings	79,700	11
Professor Paul Bywaters, Faculty of Business, Environment and Society, Coventry University	Additional work on comparative studies in four UK countries identifying and understanding inequalities in child welfare intervention rates (project first funded in 2014)	56,977	24
Hilary Woodward, Cardiff School of Law and Politics, Cardiff University	Pensions on divorce interdisciplinary working group	17,000	18
Professor Karen Broadhurst, Department of Sociology, Lancaster University	Additional work on a scoping study towards a family justice observatory (project first funded in 2016)	14,586	22
Professor Karen Broadhurst, Department of Sociology, Lancaster University	Additional work on a population profiling study of vulnerable birth mothers and recurrent care proceedings (project first funded in 2014)	12,462	41
Dr Grainne McKeever, School of Law, University of Ulster	Additional work on a human rights analysis on the impact of litigants in person on the Northern Ireland court system (project first funded in 2016)	5,473	24
Cathy Ashley, Family Rights Group	Addressing the 'care cases crisis': a sector-led review – scoping phase	5,000	3
NEW JUSTICE GRANTS		2,827,067	
CANCELLED GRANTS		(91,094)	
TOTAL		2,735,973	

Key justice outputs published in 2017

What:	Transparency through publication of family court judgments
Who:	Dr Julie Doughty, Cardiff University
Headline finding:	Guidance given to judges to routinely publish their judgments is not being consistently followed, leaving the public with a patchy understanding of the family justice system.
What:	Inequalities in child welfare intervention rates
Who:	Professor Paul Bywaters, Coventry University
Headline finding:	Children in the poorest areas are at least 10 times more likely than those in the most affluent to become involved in the child protection system. Each step increase in neighbourhood deprivation brings a significant rise in the proportion of children either 'looked after' in care (LAC) or on a child protection plan (CPP).
What:	Parents who lack litigation capacity in public law
Who:	Penelope Welbourne, Plymouth University
Headline finding:	First ever identification of the characteristics of parents lacking capacity in care proceedings, and aspects of the provision made to give them fair representation.
What:	Welfare cases in the Court of Protection
Who:	Professor Phil Fennell, Cardiff University
Headline finding:	The most complex and expensive cases concern relationships, such as whether someone has the mental capacity for consent to sex or marriage. The cost of cases (average of £13,000) may deter public authorities from referring disputes to the Court of Protection, and for people who do not qualify for legal aid the cost may be a barrier to accessing justice.
What:	Women's Asylum Appeals project
Who:	Jane Kerr, National Centre for Social Research
Headline finding:	Women seeking protection from violence are being disadvantaged by the UK asylum system but the system can be made fairer, particularly if better guidance on gender-based persecution is made available to judges.
What:	Vulnerable birth mothers and recurrent care proceedings
Who:	Professor Karen Broadhurst, Lancaster University
Headline finding:	Forty per cent of mothers who repeatedly appear before the family courts and lose many children into public care or adoption because of child protection concerns, have been in care themselves. A further 14% were living in private or informal relationships away from their parents.
What:	Divorce law in practice in England and Wales
Who:	Professor Liz Trinder, University of Exeter
Headline finding:	Divorce law in England and Wales increases conflict and suffering for separating couples and their children, encourages dishonesty, and undermines the aims of the family justice system (see case study on page 26).
What:	Understanding men's experiences of the child protection system
Who:	Professor Marian Brandon, University of East Anglia
Headline finding:	Most men involved in child protection cases want to be a part of their child's life and present as both a risk and a resource for their children.
What:	A research roadmap for administrative justice
Who:	Professor Maurice Sunkin, University of Essex
Headline finding:	Comprehensive assessment of the future research needs in administrative justice.

Policy and practice impact of justice projects

Child protection

Professor Paul Bywaters' project on inequalities in child welfare intervention rates continues to have impact. This is a large project (£614,682) that is mapping and analysing inequalities in child welfare intervention rates across the four UK countries. Although still ongoing, discussions are underway in all four countries about appropriate responses to the findings, and the team has been asked to give evidence to Parliamentary groups and other reviews and enquiries. Some early policy changes have been achieved, for example offering all families referred for child protection concerns in Northern Ireland a full benefits check and debt advice, and collecting postcode data in the Children in Need census in Wales with a view to annual monitoring of child welfare inequalities. Also significant was a change in Ofsted policy to acknowledge there is a relationship between deprivation and the capacity of children's social care to provide high quality services. Members of the team have presented the work at more than 40 events, and held a major UK conference in London in February 2017, in conjunction with Making Research Count. This was used to attract media attention including reports on BBC television and radio news programmes.

Addressing the 'care crisis'

We are working to address the 'care crisis' identified by the President of the Family Division of the High Court Sir James Munby. In February, we convened a conference, in collaboration with the Children and Family Court Advisory and Support Service (Cafcass), to discuss the crisis and ways to address it. The conference brought together key stakeholders including the Association of Directors of Children's Services, the Children's Commissioner and the Local Government Association. An important outcome was an agreement to assist the Family Rights Group to establish and service a sector-led review. We awarded a small grant to establish the scope and timetable of the review and have now funded the full review, facilitated by Family Rights Group and chaired by Nigel Richardson, recently

retired Director of Children's Services. The review will identify specific changes to local authority and court systems and national and local policies and practices that will help safely to stem the increase in the number of care cases coming before the family courts and reduce the number of children in the care system. It will make its report and recommendations during 2018.

Birth parents in recurrent care proceedings

In October, we participated in a conference to disseminate the findings from Professor Karen Broadhurst's project on birth mothers in recurrent care proceedings. This innovative study has revealed the extent of recurrent care proceedings and highlighted the experience of women who have had successive children removed from their care. The research found that over 11,000 mothers had more than one child removed between 2007 and 2014. Many of these women had been in care themselves. This project has already had significant impact, including 12 published articles in peer-reviewed journals and a further six accepted. It has received extensive media coverage and the research team are working with Research in Practice and local authority partners to translate findings from the project into practice tools.

We have been keen to address the evidence gap on the experience of *fathers* in the child protection system, and to that end funded Professor Marian Brandon to investigate the encounters between birth fathers (and the male partners of mothers) and the child protection system. Her report challenged assumptions that men in child protection cases do not stay involved in children's lives and can pose a risk of harm to their child. It also examined the gatekeeping role of social workers, and set out how child protection practice should better engage fathers. We convened a seminar on this subject, facilitating debate between key agencies involved in the system, and have brokered a partnership between Professor Broadhurst and Professor Brandon to deliver a project on understanding the scale, pattern and dynamics of birth fathers' recurrent appearance in care proceedings. They will report in late 2019 or early 2020.



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

Case study: Divorce law reform

In October we published a report calling for reform of the divorce law, based on research undertaken by Professor Liz Trinder at the University of Essex. The research shows that divorce law in England and Wales increases conflict and suffering for separating couples and their children, encourages dishonesty, and undermines the aims of the family justice system. We launched the report at a House of Lords reception hosted by Baroness Butler-Sloss, which was attended by several Lords and MPs, including the Chair of the Justice Select Committee. Our Trustee Sir Ernest Ryder introduced the report, and Professor Trinder spoke in more detail about her research.

The report recommends removing fault entirely from the divorce law and replacing it with a notification system, where divorce would be

available if one or both parties register that the marriage has broken down irretrievably and that intention is confirmed by one or both parties after a minimum period of six months. We have now funded Professor Trinder to draft a short bill to this effect (or to revise the Law Commission's draft bill from 1990), which can be used as the basis for a private members bill put forward by Baroness Butler-Sloss.

We followed up publication with a briefing sent to MPs and Peers with an interest and influence in this area. We secured media opportunities for the research, including extensive coverage in *The Times*, who used it as the launch pad for their campaign for wider divorce law reform. Professor Trinder also appeared on BBC radio talking about the research and contributed to an ITV documentary aired in January 2018.



Cross-cutting projects

We fund a number of projects that cut across our core domains of Education, Welfare and Justice. During 2017, we funded nine new projects and funded additional work on one project funded in a previous year, with a total value of £1.4 million. Combined with ongoing projects funded in previous years, this means at the end of 2017 we were managing 15 cross-cutting projects with a total value of £3 million.

A full list of new cross-cutting projects funded in 2017 is on overleaf. We then go on to detail some key outputs published during the year, and some examples of wider impact.

During 2017, we funded nine new projects and funded additional work on one project funded in a previous year, with a total value of £1.4 million

Cross-cutting grants awarded in 2017

Name	Purpose	Value (£)	Term (months)
Anna Taylor, Food Foundation	Core funding to support evidence driven policy influencing on food and health	419,000	48
Dr Karen Bunning, School of Health Sciences, University of East Anglia	Development of an assent-based process for the inclusion of adults with impairments of capacity and/or communication in ethically-sound research	378,204	30
Dr Annette Jackle, Institute for Social and Economic Research, University of Essex	Understanding and improving data linkage consent in surveys	328,163	26
Dr Sander van der Linden, Winton Centre for Risk & Evidence Communication, University of Cambridge	Communicating uncertainty in data without undermining trust	83,514	12
Paul Johnson, Institute for Fiscal Studies	General election 2017 analysis	68,796	2
Professor Jagjit Chadha, National Institute of Economic and Social Research	General election 2017 analysis	43,780	2
Will Moy, Full Fact	General election 2017 campaign factchecking	40,000	2
Julian McCrae, Institute for Government	Engagement activity to support a project on the history of the UK's public spending (also funded by the Nuffield Foundation)	38,490	36
Tracey Brown, Sense About Science	Evidence matters: reviewing transparency in government's use of evidence	28,956	9
Adrienne Burgess, Fatherhood Institute	Additional work on fathers in the UK: what do we know? What do we need to know? (project first funded in 2013)	9,295	48
NEW CROSS-CUTTING GRANTS		1,438,198	
CANCELLED GRANTS		(8,735)	
TOTAL		1,429,463	

Key cross-cutting projects published in 2017

What:	The IFS Green Budget
Who:	The Institute for Fiscal Studies (IFS)
Headline finding:	<ul style="list-style-type: none"> • Target of three million apprenticeships and new funding system risk poor value for money. • Spending cuts to accelerate as tax burden rises to highest level in over 30 years. • Differences in the way the tax system treats the self-employed, owner-managers and employees are costly, inefficient and unfair.
What:	Fathers in the UK: what do we know? What do we need to know?
Who:	Adrienne Burgess, The Fatherhood Institute
Headline finding:	Employment law for parents should be overhauled, starting with three months' well-paid "daddy leave".

Policy and practice impact of cross-cutting projects

IFS Green Budget

This was the final year of our current funding for the IFS Green Budget, which offers a comprehensive and independent assessment of the state of the public finances, the key economic questions, and the various public policy options in the run up to the Chancellor's Budget. Its immediate objective is to inform and improve the quality of debate on live Budget issues, but it also has a longer-term goal to improve the quality of policy-making through greater use of evidence and a better understanding of the trade-offs being made.

Over 400 people attended the launch event, which was also live streamed. On average the Green Budget was mentioned 183 times in print media, 414 times in broadcast media and 1,084 times online. IFS researchers were interviewed on average 14 times on TV and radio, and individual presentations were published on YouTube. The IFS also presented analysis direct to policy makers and politicians through evidence sessions at the Treasury Select Committee,

the Scottish Parliament Finance Committee, and through briefings given to MPs and Peers. In addition to the 2017 edition, we see continued impact from previous years' Green Budget analysis (also funded by the Foundation), for example through citations in Parliamentary briefing notes, of which there have been 29 between 2014 and 2017.

Fathers in the UK

We are currently funding the Fatherhood Institute to undertake a review of research into the role of fathers in the UK. The first output from this review – looking at paid work and unpaid care-giving – recommended a radical shake-up of employment law to make it easier for fathers, as well as mothers, to care and earn for their families. Although the report was only published in December 2017, two large companies are already working with the Fatherhood Institute to develop their parenting leave policies. The study is having an impact on policy via the Fatherhood Institute Chief Executive Adrienne Burgess, who is advising the Women and Equalities Select Committee on its inquiry into fathers and the workplace.



Case study: general election 2017

We responded to the snap general election in 2017 by making grants to the IFS, NIESR and Full Fact – using a fast-tracked application process – with the aim of providing independent and accurate information to voters. We also facilitated partnerships and communication between the three, to strengthen messages where appropriate and to avoid any overlap. We developed a dedicated section of our website to signpost visitors to research evidence relevant to the big policy debates of the campaign (in addition to that produced by IFS, NIESR and Full Fact).

The IFS and NIESR focused on providing analysis and briefings on key campaign issues, such as tax and benefit, the labour market, spending on health, education, and social care, infrastructure, agriculture, productivity, and regional inequality. The funding we awarded to Full Fact enabled them to fact-check claims made by all major parties during the campaign.

NIESR developed a variation of its usual briefing format to engage with a wider audience, resulting in media coverage in the tabloid press as well as their traditional audience of broadsheet and financial sector press. NIESR spokespeople also secured broadcast media opportunities, including a Newsnight feature on its productivity briefing, and grew their Facebook reach by 40% over the course of the seven-week campaign.

The IFS produced 14 briefing notes on different areas, which featured extensively in print, online and broadcast media. For example, IFS analysis was featured in 30 front-page stories and its spokespeople participated in 97 broadcast interviews. The IFS press briefing on the parties' tax and spend manifesto commitments was broadcast live on BBC Parliament and clips

were broadcast live across the BBC network as rolling coverage. On social media, content relating to the IFS election briefings generated 1.6 million Twitter impressions and 54,000 engagements. In partnership with Full Fact and the Press Association, the IFS also participated in a Facebook Live Q&A in the final week of the campaign, which was viewed more than 24,000 times.

In addition to the £40,000 from the Foundation, Full Fact crowd-funded £60,263 to fund their election work. During the campaign, Full Fact published 100 new factchecks and explainers, including of the Conservative, Labour, Liberal Democrat, SNP, UKIP and Green Party manifesto launches. It also live fact-checked seven of the multi-party leader debates, and its work was featured on a range of print, broadcast and digital media including all the major news channels, broadsheet and tabloid press, and online outlets such as Vice, Wired and BuzzFeed. Its factchecks reached 18.5 million people on Facebook and 9.8 million on Twitter. In addition to its partnership with the IFS, Full Fact worked with the Nuffield Trust, the National Foundation for Educational Research, and the Migration Observatory at Oxford University to deliver factchecking on specific topics.

The extent of the coverage and engagement secured was impressive, and demonstrates that all three organisations achieved their goal to get independent and accurate information into the public domain. The use of social media campaigns was important to generate direct engagement with individual voters, as well as relying on the traditional media outlets. However, the extent to which this analysis informed voter decision-making is difficult to assess.



Student programmes

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). They provide year 12 (or equivalent) students with the opportunity to spend their summer holidays working on a research project in a professional environment. Students are recruited by a network of regional coordinators across the UK who receive grants from us to cover their costs. **In 2017 these amounted to £303k.**

In 2017 we placed 1,138 students, 1,102 of whom completed their placements. This was down slightly on the previous year (1,213), something that is due

57% of students received a full bursary in 2017

to the shortage of suitable project providers rather than decreased demand from students (we received 3,411 completed applications). All students have

53% of students were the first people in their family to go to university

their travel costs paid, reducing financial barriers to participation, and those from the most disadvantaged backgrounds

receive an additional bursary. The proportion of students who received a full bursary in 2017 was 57%, up from 50% in 2016 (see **Figure 1** on overleaf). Fifty-three per cent of students who completed a placement will be the first people in their family to go to university, compared to 49% in 2016. **Figure 2** shows the number of students placed across different categories according to

the prevalence of pupils eligible for free school meals (FSM). Categories three and four are our target schools.

Figure 1: Trend in the number and proportion of students receiving a full bursary

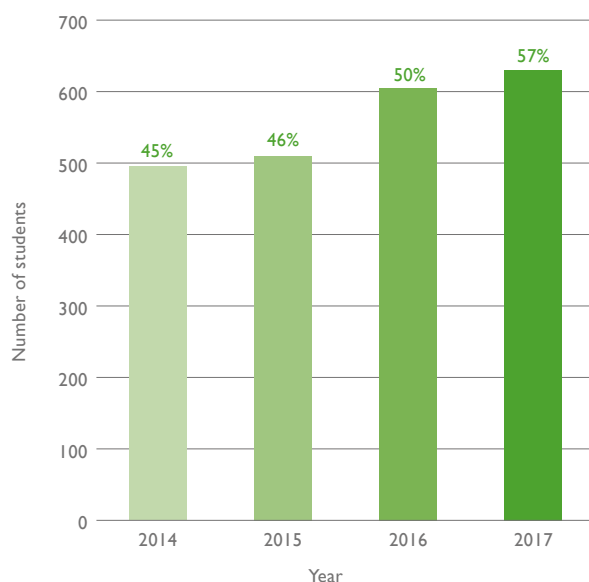


Figure 2: Number and proportion of students by FSM category in 2017

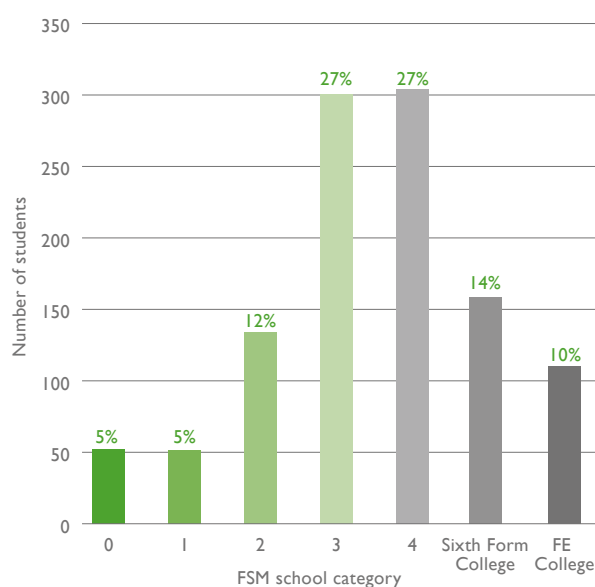


Figure 3 shows the different subject areas for placements by the number and proportion of students. Biomedical science placements remain the most popular, accounting for almost double the number of placements than the second most popular categories of engineering, biology, mathematics and computing, and statistics, data science and social science. Increasing the number of social science placements has been an important goal for us, so we were pleased to see an increase compared to the previous year.

Figure 3: placements by subject area

Project category	2017
Astronomy/Astrophysics	48 (4%)
Biochemistry	45 (4%)
Biology	124 (11%)
Biomedical Sciences	246 (21%)
Chemistry	97 (8%)
Earth Sciences	18 (2%)
Engineering/Manufacturing	138 (12%)
Environmental	39 (3%)
Forensic Science	8 (1%)
Physics	91 (8%)
Mathematics and Computing	130 (11%)
Psychology	59 (5%)
Statistics/Data Science/Social Science	132 (11%)

Figure 4 shows how the placements break down across the type of organisation providing them. Recruiting new providers remains a priority for us, and we are particularly keen to provide more placements in non-university settings.

Figure 4: Placements by type of provider

Provider category	2017
University	908 (80%)
Research Institute	41 (4%)
Company/Industry	126 (11%)
Hospital, NHS Trust, Health Centres	25 (2%)
Environmental Field Centre/Zoo	8 (1%)
Museum/Education Centre	19 (2%)
Other (e.g. Charity, Local Authority, etc.)	9 (1%)

We are also keen to encourage our Q-Step Centres to provide placements for our students and were pleased that Manchester Metropolitan University Q-Step Centre hosted four students, and the University of Warwick Q-Step Centre hosted one.

Student surveys

In 2017, as part of our on-going monitoring and evaluation of NRPs we surveyed students before and after completing their placement to find out about their attitudes, knowledge and skills. Insights from this include:

- Students who completed a placement rated their knowledge about what STEM researchers do on a day-to-day basis more highly compared to before placement and seemed more certain that they knew what they wanted to do after school or college.
- Students also perceived that NRPs have been influential in developing their skills in report writing, time management, and working independently. They also reported improved confidence in their abilities.
- Forty-four per cent of students mentioned their NRP supervisor as an influential source of information in their decision-making process concerning future plans.

- In terms of planned destinations, 88% of students plan to study for a degree in STEM (including social science) at university after they have completed their current qualification. Fifty-nine per cent of students said that NRPs had confirmed they had made the right choice about their plans, with 12% saying the experience had prompted them to have second thoughts but not change their plans.

Student prizes

Forty-two of our students qualified for the finals of the Big Bang Competition, the largest celebration of STEM for young people in the UK. We were delighted to see several of our students win prizes, including Chantal Goulder from Queen Elizabeth Sixth Form College, who was the winner of the Senior Science prize with her project *Investigating charge-transfer states in organic donor-receptor molecules*. Mhairi McCann from St. Columba's High School, Christine Addae-Kyrereme from Portsmouth High School and Marcus Boyd from Calderglen High School, were all Runners Up in the same category, and Rose McNelly was the recipient of the London International Youth Science Forum prize with her project on *Sequencing the genome of the European polecat*.

Future plans for widening participation

We have set a target of a minimum of 55% bursary students participating in the programme in 2018 and by 2019, we aim to move to an exclusively widening participation programme. In order to achieve our ambition, we will be piloting and testing a new model of delivery of NRPs in the North East of England (Northumberland, Newcastle &



Teesside) in 2018, with the aim of increasing the number of placements and reaching more students from disadvantaged backgrounds over the next three years. We will do this by supporting more strategic engagement with schools, colleges and placement hosts within the region.

Alumni

A key objective of our alumni engagement is to encourage former beneficiaries to help us secure new placement opportunities and to provide placements themselves where possible. Five alumni became project supervisors in 2017, and 1,048 subscribed to ongoing involvement with the programme. We also convened two alumni workshops on engaging with schools and colleges, with over 30 attendees, and these were followed up by our regional coordinators.

Longitudinal study of student outcomes

An independent evaluation of the programme is currently underway. Early findings have confirmed the programme is successfully targeting students from disadvantaged backgrounds, and that on the whole, participants are satisfied with their experience. The evaluation also indicates so far that NRPs:

- Ensure students have a realistic and well-informed view of what is involved in a range of careers available to them.
- Provide students with a sustained opportunity to apply their theoretical knowledge and develop practical research and generic work skills, something students perceive to set Nuffield Research Placements apart from other programmes.
- Lead to increased confidence in most students, and the perception that their participation has enhanced their chances of realising their ambitions, including by given them an edge when competing for places on degree programmes that are in high demand.



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, eighteen universities across the UK (15 Q-step Centres and three Q-Step Affiliates) 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 the Higher Education Funding Council for England (HEFCE). In 2017 we made four grants for additional work to enable Q-Step Centres to produce events for secondary school students as part of the ESRC Festival of Social Science.

In 2016/17 1,231 students enrolled on 68 Q-Step degree programmes, up from 694 in 2015/16 and 368 in 2014/15. In addition, 8,527 were enrolled on one or more of the 172 Q-Step modules (compared to 7,994 in 2016 and 5,157 in 2015). Work placements continue to be a distinct and popular feature of the Q-Step degrees. Across the network, 244 employers

are now providing placements, 111 of which were recruited in 2016/17. In the same year, 228 students took up placements as part of their Q-Step degrees.

While we have seen modest growth, student recruitment remains a challenge. Marketing of the courses is the responsibility of the Q-Step Centres, but we have worked to strengthen this through our own marketing activity, such as distribution of the Q-Step prospectus, blogging for relevant websites and using our network of Nuffield Research Placement coordinators to market

Q-Step directly to schools. There have been too few students so far in each institution on each course to register outcomes on the National Student Survey (NSS), but over time this will become an important means of alerting potential new students to Q-Step.

Independent evaluation

We have commissioned Technopolis to undertake an evaluation of Q-Step that will compare outcomes

In 2016/17
1,231 students
enrolled on 68
Q-Step degree
programmes



between Centres, students and subjects and also provide evidence on the sustainability of the programme overall and at each Centre. For key aspects of the quantitative elements of the work, Technopolis will work closely with the Higher Education Statistics Agency.

Development of a possible second phase

Funding for Q-Step will finish in 2019 and we are now considering its next phase. The findings of the independent evaluation will be a crucial factor in developing the next phase so we will not finalise our plans until 2020, when Technopolis will make its final report. In order to bridge the gap between the end of the first phase of funding and any second phase, we are considering options for transitional funding, and Trustees will make decisions on this in 2018.

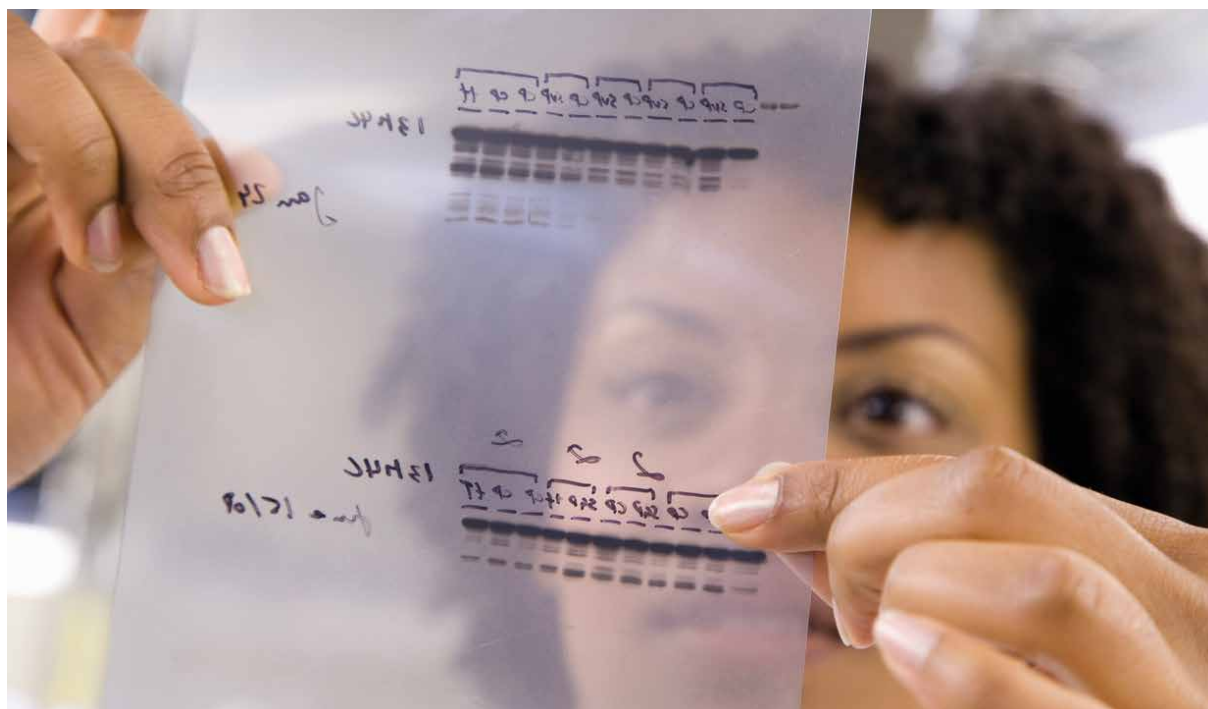
Adapting National Numeracy's Challenge Check-Up for Q-Step students

We have commissioned National Numeracy to work with Q-Step Centres to investigate the options for developing a reliable, common platform for benchmarking students' numerical abilities and facilitating their progression. National Numeracy's free web-based tool – Challenge Check-Up – provides a confidential assessment of the user's everyday maths skills and identifies the areas that

need development. Working initially with Q-Step Centres at Bristol and Manchester Metropolitan universities, National Numeracy will develop a version of the Check-Up tool specifically for undergraduates that will: benchmark numeracy levels and attitudes to numeracy; signpost students to tailored learning; measure improvement and the effectiveness of different interventions; and adapt resources for roll-out to other higher education institutions.

Impact on the data skills agenda

A report from the Data Skills Taskforce, *Data skills for the future: positioning the UK for success in a data-driven world*, uses Q-Step as an example of good practice in addressing the data skills shortage. The task force also references the Data Skills for Geography project, which we are funding and which is being delivered by the Royal Geographical Society. This project, which has been seen as a role model for other learned societies, aims to bring about a step-change in geography teachers' and students' understanding of quantitative skills, their confidence in using them, and their knowledge of the value of these skills to further study and the workplace. Outputs from the project so far include online resource modules, a CPD programme, engagement with awarding bodies, teacher education departments, and academy chains, and delivery of workshops and seminars.



Nuffield Council on Bioethics

The Nuffield Council on Bioethics was established by the Nuffield Foundation in 1991 to identify, examine and report on the ethical questions raised by recent advances in biological and medical research. Since 1994, the Council has been funded jointly by the Nuffield Foundation, the Wellcome Trust and the Medical Research Council (MRC). The Council has achieved an international reputation, providing advice that assists policy-making, addresses public concerns and stimulates debate in bioethics.

During 2017 the three funders established a Governing Board to take over the role of the governance of the Council and to review with the Council its work, remit and delivery. In February 2017, the funders appointed Professor Dame Sally Macintyre as the first Chair of the Governing Board. We will announce further appointments to the Governing Board in 2018.

The funders have also appointed David Archard as the new Chair of the Council. David is Emeritus Professor of Philosophy at the School of History,

Anthropology, Philosophy and Politics, at Queen's University Belfast. He was Deputy Chair of the Human Fertilisation and Embryology Authority until the end of 2016. Professor Archard takes over from Jonathan Montgomery, Professor of Health Care Law at University College London, Chair of the Health Research Authority and newly appointed member of European Commission Group on Ethics in Science and New Technologies, who chaired the Council from 2012.

We include here a brief summary of the Council's work in 2017. More details are available in the Council's annual report, published at www.nuffieldbioethics.org

Non-invasive prenatal testing

In March, the Council published its report on non-invasive prenatal testing (NIPT), in which it expressed concerns about the way the test is

being sold by private providers. In addition, the Council called for better information and support; a moratorium on the use of NIPT in sequencing the whole genome of fetuses; and suggested that it should not be used to find out the sex of the fetus other than for medical reasons. The report recommends that NIPT should only be used for significant medical conditions and impairments that affect the child at birth or in early life. The Council also produced a guidance leaflet for private providers of NIPT on the information they should include on their websites and patient leaflets about the tests.

Cosmetic procedures

In June, the Council published a report on the ethical issues arising from cosmetic procedures, which made recommendations for the practice and promotion of invasive cosmetic procedures in the UK. The report calls for a ban on providing invasive cosmetic procedures to people under 18, unless a team of health professionals, including specialists, GPs and psychologists, are involved. Other recommendations include addressing the

gaps in regulation of products used in cosmetic procedures – particularly dermal fillers – and for the Department of Health to work with professional bodies to ensure that information on the number and type of cosmetic procedures carried out in the UK is collected and made publically available.

Genome editing and other projects underway

Following publication of its ethical review of genome editing in 2016, the Council is working on a report on genome editing and human reproduction, to be published in 2018, with a further strand on genome editing and livestock to follow. In November, the Council announced a new project exploring how research may be conducted ethically in global health emergencies.

Following the 2017 General Election, the Council produced a briefing on the four key challenges in UK bioscience and health policy for the new Parliament, which the Secretary of State for Health referred to as an 'invaluable resource'.

Plans for future periods

Our new strategy sets ambitious goals to grow the Foundation's scale and influence. In the next two years we will launch our new Strategic Fund for major, longer-term projects, including those delivered in partnership with others. Developing the framework for the Strategic Fund will be a priority in 2018, and we are likely to launch a call for applications following a Nuffield Conference early in 2019.

2018 is also our 75th anniversary, and we will mark the occasion with an anniversary lecture, delivered by the Rt Hon the Baroness Hale of Richmond, President of the Supreme Court, in May. The lecture is the highlight of a two-day international research symposium we are convening in partnership with The Legal Education Foundation and UCL Faculty of Laws, which will examine and debate how we can harness the power of empirical research to deliver a justice system that serves all citizens.

Data Ethics and Artificial Intelligence

During 2017, we have been working in partnership to establish an independent body to tackle the ethical and social issues arising from data use, artificial intelligence (AI) and associated technologies. With a working title of the Ada Lovelace Institute, this independent body will seek to ensure that the power of data – and the automated technologies that serve to augment it – is harnessed to promote human flourishing, both for society as a whole and for different groups within it.

The convention will complement the regulatory framework provided by the ICO, and the wider oversight or 'stewardship' to be provided by the government's Centre for Data Ethics and Innovation. The convention will be independent of government, have an international perspective, and offer practical solutions based on empirical research.

Our proposal for the Ada Lovelace Institute has been developed in partnership with techUK,

The Alan Turing Institute, The Royal Society, the Royal Statistical Society, the British Academy, Omidyar Network, the Wellcome Trust and others. We will finalise our proposal, and its terms of reference early in 2018. Following that, our next step will be to appoint a Chair, with the aim of establishing the Institute by the end of 2018.

Early years interventions and family justice

In early 2018 we will announce the development projects we are funding for interventions in the early years. These projects will be the first funded as part of a new strategic partnership with the Education Endowment Foundation that will deliver a joined-up approach to building evidence in the early years.

We are also beginning the development phase of the Nuffield Family Justice Observatory, which will help ensure the family justice system is able to draw on the best research, analysis and insights of practitioners to improve decision-making for children and families. See page 21 for more details.

Student programmes

Building on the success of our programmes that provide opportunities for individual students – Q-Step and Nuffield Research Placements – we will develop new ways to equip young people with skills and confidence in scientific and quantitative methods by expanding our student programmes to other disciplines and younger age groups.

Information systems review

In 2018, we will conclude our review of our information systems, which we have begun

this year, and which is reviewing our contact relationship management (CRM), grant-management, finance and accounting systems, and our processes for managing projects outside our standard grant-making process. A significant component of the review is developing a workplan for compliance with the new European General Data Protection Regulations (GDPR), which comes into force in May 2018. We have worked with an external consultancy on the initial scoping, and will appoint specialists to implement the suite of new systems over an 18–24 month period.

Financial review

2017 saw a continuation of the recent trend for exceptional investment performance – we finished the year with our investment fund value at a historic high of £414m.

In terms of our activity levels, we are reporting an unusually high level of expenditure in the year at £16.4m. This is largely explained by the £3.3m of conditional grants which we reported last year as having been carried forward to 2017 as we finalised negotiation on their terms. If we were to adjust for this high level of carry-forward, we would see 2017 expenditure at a similar level to 2016.

What the 2017 accounts do not show is the effect of our headline achievement in the year, the launch of our five-year strategy, which is referenced in more detail elsewhere in this report. In order to ensure that we are structured and resourced appropriately to deliver on this ambitious strategy, we are taking a measured approach to transition. Other than the slight increase in 'running costs' reported this year (predominantly explained by

some initial investment in our management and governance structures), and the realignment of our reporting categories to the strategic pillars of Education, Justice and Welfare, there is a limited amount of 'new' activity reported in 2017. New activity will begin to come through in 2018, and is expected to really accelerate in 2019.

These Financial Statements have been prepared using the 2015 Statement of Recommended Practice for Charities (SORP), which does not allow us to explain adequately how much of our investment gains we have earmarked for spending in 2017 and how much we decided to retain to preserve the endowment for the future. Consequently, we have set out an alternative presentation overleaf to explain better what we planned to spend, and how we spent it. **Table I** is based on the pro forma Statement of Financial Activities (SOFA) but excludes the capital items such as investment fees and the investment gains we retain to protect the endowment from inflation (see our Reserves Policy on page 43).

Table 1: 2017 Income results

	Reference	2017	2016
		£000s	£000s
Funding			
Investment Income		8,035	6,381
Capital converted to income		3,456	4,881
<i>Total Return available for the year</i>		11,491	11,262
Restricted income	Note 2	846	891
Unrestricted income	Note 2	50	71
Total funding available		12,387	12,224
Less running costs		(1,633)	(1,383)
Available for programme delivery		10,754	10,841
Communications, public engagement and grant management		969	729
In-house programmes		2,048	1,819
Research & Innovation grants		9,930	4,411
Total programme delivery expenditure		12,947	6,959
Net surplus/(deficit) for the year		(2,193)	3,882
<i>Expenditure Reserve at 1 January</i>		27,405	3,523
<i>Creation of Strategic Reserve in 2016</i>		–	20,000
		25,212	27,405
To support future spending			
<i>General and Strategic funds (restricted)</i>		5,298	4,224
<i>Designated Strategic fund (unrestricted)</i>		17,911	17,911
<i>Other designated funds (unrestricted)</i>		506	642
<i>Conditional grants awaiting approval</i>		146	3,286
<i>General fund</i>		1,351	1,342
		25,212	27,405

Referring to **Table 1**, available funding for the year was £12.4m (2016: £12.2m), of which £3.5m (2016: £4.9m) was allocated from capital gains as part of our total return policy. In addition, we received £0.8m (2016: £0.9m) to support a number of co-funded programmes and projects including Q-Step, the Nuffield Council on Bioethics and Nuffield Research Placements. We would like to thank our important donors to these co-funded programmes – the Wellcome Trust, the Medical Research Council, the Economic and Social Research Council, Research Councils UK, and the Royal Society of Chemistry.

The expenditure that we accounted for on programme delivery activities increased year-on-year by 86% to £12.9m. As reported above, this is somewhat misleading due to the £3.3m conditional grants carried forward; if we adjust for conditional grants awaiting approval we would see the activity levels being broadly comparable between the two years. The timing effect of the conditional grants are also the reason that we see an in-year deficit of £2.2m (2016: £3.9m surplus).

At 31 December our unrestricted funds were £20m (2016: £23m) – the main component is the £17.9m fund designated for use on strategic projects. This fund will begin to be used in 2018 as we invest in the Ada Lovelace Institute; further calls for the Strategic Fund will begin to be made in 2019.

The two principal restricted funds (the Commonwealth Relations Trust and the Oliver Bird Fund) are now £5.3m (2016: £4.2m) which has arisen because of their surplus for the year, as well as the £2.1m restricted part of the £20m Strategic Fund. We are our developing plans to use these funds.

The General Expenditure Reserve remains within our desired range of +/-£2m at £1.3m.

Accounting for total returns and reserves policy

Our intention is to produce a consistent and sustainable amount for expenditure and to maintain at least the purchasing power of the endowment over the long term. Our current distribution policy is to maintain the existing budget in real terms, so long as our endowment value does not fall below a set floor.

Our reserves policy is driven by two components – one to monitor short-term reserves arising from annual under and over spends, the other to monitor the long-term health of the Foundation. The short-term policy is to keep the General Unrestricted Expenditure Reserve between –£2m and +£2m to ensure that everything made available for distribution is recognised as such. At the end of the year it was worth £1,351k – comfortably within the desired range.

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 together with an allowance for subsequent inflation; this real value of the endowment is shown in **Table 2** as the 'target value at 31 December 2017'. If the value of the endowment is more than the target value we deem that it has been preserved in real terms; if smaller it has not. However, we expect a portfolio like ours to be volatile in a normal range of +/- 16% of the target value. The 'allowance for market volatility' simply reconciles the target value with the actual value of the endowment shown on the balance sheet. Setting these upper and lower ranges enables us to identify when the endowment has drifted too far from its target value.

At 31 December 2017 the market value of the endowment represented 136% of its target value (2016: 129%), meaning that the Foundation's long-term reserves remain above the upper range of 116%. We continue to review this position regularly.

Table 2: 2017 Reserves position

£000s	Lower Limit	31/12/2017 Actual	Upper Limit
Core endowment			
'Preserved Value' at 31 December 2003		188,311	
Allowance for inflation		85,434	
Target Value at 31 December 2017	229,946	273,745	317,544
Allowance for market volatility		98,775	
	229,946	372,520	317,544
Expenditure Reserve			
Restricted funds		5,298	
Designated funds		18,417	
General funds	(2,000)	1,497	2,000
		397,732	

Investment management and governance

Equity markets were strong once more and this contributed the lion's share of the return for the year. The portfolio remains tactically underweight to global equities (as part of its de-risking process) and which accounts for recent performance lagging the benchmark (which contains 90% in global equities); nevertheless the results continue to compare favourably with other funds.

Although the Foundation has adopted a strategic policy of not hedging its overseas assets, it introduced a temporary hedge against the US dollar pending sterling's return from \$1.20 to a more normal level of about \$1.40 to £1. During the year this happened much more quickly than anticipated and the hedge was removed in early 2018. There are no plans to repeat this exercise.

The investment committee, which includes three Trustees and two independent investment professionals, fulfils a key governance role by monitoring and overseeing this area on behalf of the Board of Trustees.

Table 3: Investment performance

Total Returns (%)	1 Year	3 Years	5 years	10 years
Nuffield Foundation (net of fees)	11.4	13.5	14.1	8.3
Bespoke Benchmark (gross of fees)	12.4	13.8	14.1	8.7
ARC Charities (net of fees)	9.4	8.0	8.6	–

Key

Nuffield Foundation: Actual performance

Bespoke Benchmark: 90% MSCI ACWI; 10% UK 1–5 year Gilts

ARC: Sterling Steady Grown Charity Index

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.

The strategic risks include:

- Are we funding the highest quality and most relevant work to advance our purpose efficiently and effectively?
- Are we taking sufficient risk in grant funding to achieve best outcomes?
- Does our funding have the appropriate impact on policy and practice?
- Will our investment strategy secure the long-term future of the Foundation? Will it provide adequate returns and liquidity to enable the Foundation to meet its obligations as they arise?
- Do we have fit for purpose HR policies and practices? Do we have up to date and lawful policies to recruit and develop well managed and knowledgeable people, accompanied by clear succession planning?
- Is our infrastructure safe for staff and visitors, fit for purpose and with adequate business recovery provision? Is it appropriate for our ways of working, and our reputation as a charity?
- Do our systems support and facilitate our work?
- Is our governance fit for purpose, in line with best practice, and alert to the dangers of 'group think'?

The main mitigations we have pursued over the last twelve months have related to strategy and impact, de-risking our investments, grant management and resilience. A new strategy is now in place providing a good context for risk management. We have begun a review of all our information systems. We have implemented a new governance framework for the Nuffield Council on Bioethics. Senior staff continue to manage operational risks on a day-to-day basis. We are satisfied that the major risks identified through the risk management processes are adequately managed.

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.

- **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. In 2017, we decided that in order to facilitate a smooth transition of the Chair in 2018, we would appoint an eighth Trustee. Sir Keith Burnett joined the Board in October 2017.

Organisational structure and management of the Foundation

The Foundation employs 36.6 full-time equivalent staff including those who make up the secretariat of the Nuffield Council on Bioethics (a body that is legally part of the Foundation, but which has distinct terms of reference and whose staff are employed by the Foundation). A senior management team, comprising the Chief Executive, Finance Director, Director of Education, Director of Social Research and Policy, and Director of Human Resources and Office Services is responsible for the management of the Foundation and for advising Trustees on strategic and operational matters. Trustees are responsible for grant-making decisions

at meetings, although these may be delegated according to agreed procedures. 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 research, analysis and development grants are peer reviewed by independent referees, who include 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 to 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.

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; universities, research institutes, voluntary organisations and others. 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 11 May 2018
and signed on their behalf by:



Professor David Rhind
Chair

Independent auditors' report

Opinion

We have audited the financial statements of Nuffield Foundation ("the Charity") for the year ended 31 December 2017 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 2017 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 thereunder.

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.

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

BDO LLP

Fiona Condron (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick, United Kingdom
11 May 2018

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 2017

	Note	Unrestricted Funds	Restricted Funds	Endowed Funds	Total Funds 2017	Total Funds 2016
		£000s	£000s	£000s	£000s	£000s
Income and endowments						
Donations and legacies	2	–	846	–	846	911
Charitable activities		35	–	–	35	40
Investment income	6	7,197	515	323	8,035	6,381
Other income		15	–	–	15	11
TOTAL INCOME		7,247	1,361	323	8,931	7,343
Expenditure on:						
Raising funds						
Investment management costs		–	–	1,867	1,867	1,673
Charitable activities						
Education		4,022	99	–	4,121	2,502
Welfare		2,865	–	–	2,865	1,231
Justice		3,147	–	–	3,147	1,220
Cross-cutting		1,533	102	–	1,635	639
Research, development and analysis		11,567	201	–	11,768	5,592
Student programmes/capacity building		1,434	242	–	1,676	1,577
Nuffield Council on Bioethics		607	529	–	1,136	1,173
TOTAL CHARITABLE ACTIVITIES	3	13,608	972	–	14,580	8,342
TOTAL EXPENDITURE		13,608	972	1,867	16,447	10,015
Net gain in investments		–	–	36,670	36,670	64,137
NET INCOME/(EXPENDITURE)		(6,361)	389	35,126	29,154	61,465
Transfers between funds		3,094	685	(3,779)	–	–
Net loss on revaluation of Fixed Assets		–	–	(398)	(398)	–
NET INCOME/(EXPENDITURE) AFTER TRANSFERS		(3,267)	1,074	30,949	28,756	61,465
Reconciliation of funds:						
Total fund brought forward at 1 January		23,181	4,224	341,571	368,976	307,511
TOTAL FUNDS CARRIED FORWARD AT 31 DECEMBER 2017		19,914	5,298	372,520	397,732	368,976

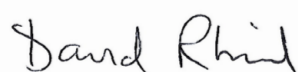
Statement of financial activities	2016	2016	2016	2016
Comparative information	Unrestricted Funds	Restricted Funds	Endowed Funds	Total
	£000s	£000s	£000s	£000s
Total income	5,786	1,300	257	7,343
Total expenditure	(7,381)	(961)	(1,673)	(10,015)
Transfers between funds	22,283	2,855	(25,138)	–
Net gains in investments	–	–	64,137	64,137
Net movement on funds	20,688	3,194	37,583	61,465

Balance sheet for the year ended 31 December 2017

	Note	2017	2016
		£000s	£000s
FIXED ASSETS			
Tangible fixed assets	5	5,070	5,395
Investments	6	413,943	383,363
Programme related investments	6	85	100
		<u>419,098</u>	<u>388,858</u>
CURRENT ASSETS			
Debtors	7	4,081	4,809
Bank and cash		363	686
		<u>4,444</u>	<u>5,495</u>
LIABILITIES: amounts falling due within one year			
Provision for grants payable	8	(17,968)	(16,559)
Creditors	9	(669)	(1,191)
		<u>(18,637)</u>	<u>(17,750)</u>
NET CURRENT LIABILITIES			
		<u>(14,193)</u>	<u>(12,255)</u>
LIABILITIES FALLING DUE AFTER ONE YEAR			
Provision for grants payable	8	(7,173)	(7,627)
NET ASSETS			
		397,732	368,976
FUNDS			
Unrestricted funds			
Designated fund	11	18,417	18,553
General fund	11	1,497	4,628
		<u>19,914</u>	<u>23,181</u>
Restricted funds	11	5,298	4,224
Endowed funds	11	372,520	341,571
TOTAL FUNDS		<u>397,732</u>	<u>368,976</u>

Notes 1–12 form part of these financial statements.

These financial statements were approved and authorised for issue by the Trustees on 11 May 2018 and were signed on their behalf by:



Professor David Rhind
Chair

Statement of cash flows

	Note	2017	2016
		£000s	£000s
Net cash flows from operating activities			
Net cash used in operating activities		(14,191)	(10,047)
Cash flows from financing activities			
Investment additions		(7,941)	(6,135)
Investment withdrawals	6	14,031	9,450
Net cash provided by financing activities		6,090	3,315
Cash flows from investing activities			
Payments to acquire tangible fixed assets	5	(257)	(124)
Investment income	6	8,035	6,381
Net cash provided by investing activities		7,778	6,257
Cash and cash equivalents at 1 January		686	(475)
Cash and cash equivalents at 31 December		363	1,161
Change in cash and cash equivalents in the year		(323)	686
Reconciliation of net income/(expenditure) to net cash flows from operating activities			
Net income/(expenditure) for the year		28,756	61,465
Adjustments for:			
Depreciation	5	199	140
Investment income		(8,035)	(6,381)
Gains on investments		(36,670)	(64,137)
Loss on revaluation of fixed asset		383	–
Loss on revaluation of programme-related investment		15	–
Increase in grant commitments		955	(2,808)
Decrease in creditors		(522)	262
Decrease in debtors		728	1,412
Net cash outflows from operating activities		(14,191)	(10,047)

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 on fixed investments and deposits, with any associated tax credits or recoverable taxation, which are included on an accruals basis. Investment income and other gains (or losses) are allocated to the individual funds in proportion to their holding in the Common Investment Fund at the beginning of the year.

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 generating funds represent amounts paid to the Foundation's external investment advisors.

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 on the basis of headcount.

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. Art and Antiques are based on a frozen valuation (conducted by Phillips in March 1999). 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.

k. Fund accounting

Unrestricted funds are donations or other income received or generated for the objects of the charity without further specified purpose and is available as general funds.

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 are capital funds where normally only the income arising may be applied, in some cases on restricted purposes. These funds are either permanent or expendable, depending on whether the trustees have power to spend the capital.

l. Pension costs

Pension costs are charged as they are incurred.

m. 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

	2017			2016		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Donations and legacies						
<i>Grants received in support of:</i>						
Nuffield Council on Bioethics	–	533	533	–	542	542
Open Door	–	102	102	–	150	150
Q Step	–	4	4	–	3	3
Nuffield Research Placements	–	207	207	–	196	196
General donation	–	–	–	20	–	20
	–	846	846	20	891	911
Charitable activities						
Sales, royalties and fee income	35	–	35	40	–	40
Other income						
	15	–	15	11	–	11
	50	846	896	71	891	962

3. Charitable expenditure

	Direct costs		Support and governance costs	Total 2017	Total 2016
	Grants	Other			
	£000s	£000s	£000s	£000s	£000s
Research portfolio					
Education	3,340	345	436	4,121	2,502
Welfare	2,454	193	218	2,865	1,231
Justice	2,736	193	218	3,147	1,220
Cross-cutting	1,429	97	109	1,635	639
	9,959	828	981	11,768	5,592
Student programmes/capacity building					
Nuffield Research Placements	758	284	218	1,260	1,327
Q-Step	–	211	218	429	181
Oliver Bird Rheumatism Programme	–	4	21	25	59
Africa programmes	(38)	–	–	(38)	10
	720	499	457	1,676	1,577
Nuffield Council on Bioethics	–	794	342	1,136	1,173
Total charitable expenditure	10,679	2,121	1,780	14,580	8,342

Analysis of support and governance costs

	Total 2017	Total 2016
	£000s	£000s
Staff Costs	889	807
Office Costs	514	492
Information Technology	249	103
	1,652	1,402
Governance Costs		
Auditors' Remuneration (inc.VAT)	29	30
Trustees' Remuneration	82	72
Trustees' Expenses	11	16
Legal fees	6	9
	128	127
Total Support and Governance	1,780	1,529

Post Balance Sheet event

At the year end a grant worth £145,825 had been conditionally approved by Trustees but not formally communicated to the recipients. This grant was formally confirmed in quarter 1 2018.

4. Personnel costs

	Total 2017	Total 2016
	£000s	£000s
Wages and salaries	2,083	1,828
Social security costs	219	193
Other pension contributions	188	185
	2,490	2,206
Average number of staff employed in a year	Number	Number
Grant-making	13.2	13.0
Nuffield Council on Bioethics	12.5	11.5
Support services	14.1	13.5
	39.8	38.0
<i>Average number of full time equivalent staff in a year</i>	36.6	32.7
Remuneration of higher paid staff	Number	Number
Between £60,000 and £69,999	1	–
Between £70,000 and £79,999	1	–
Between £80,000 and £89,999	–	3
Between £90,000 and £99,999	3	2
Between £120,000 and £129,999	1	–
Between £130,000 and £139,999	1	–

Employer's pension contributions for higher paid staff were in total £57,345. Termination payments of £78,787 were made during the year.

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 £1,176 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 Social Research and Policy, the Finance Director and the Director of HR & Office Services); their combined remuneration during the year was £490,753. They received no benefits additional to those received by other staff.

5. Tangible fixed assets

	Leasehold property	Other assets	Intangible Assets	Total
	£000s	£000s	£000s	£000s
Cost or valuation				
At 1 January	5,400	320	80	5,800
Additions	–	89	168	257
Disposals	–	–	(45)	(45)
Revaluation	(400)	–	–	(400)
At 31 December	5,000	409	203	5,612
Depreciation				
At 1 January	154	197	54	405
Charge for year	77	55	67	199
Disposals	–	–	(45)	(45)
Revaluation	(17)	–	–	(17)
At 31 December	214	252	76	542
Net book value				
At 31 December	4,786	157	127	5,070
At 1 January	5,246	123	26	5,395

All tangible fixed assets are held for continuing use in the Foundation's activities. The depreciated historic cost of the leasehold property is £1,098k. 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

a. Investments at market values	Total 2017	Total 2016
	£000s	£000s
Market value at 1 January	383,363	322,541
Net disinvestment from portfolio	(6,090)	(3,315)
Realised and unrealised gains	36,670	64,137
Market value at 31 December	413,943	383,363
Historic cost of listed investments at 31 December	323,397	286,301

b. Disposition of investments	2017	Movement		2016
	£000s	Purchase/Sales	Other	£000s
		£000s	£000s	
Listed equities	237,018	(3,282)	31,164	209,136
Fixed income	74,010	2,847	2,053	69,110
Private equity	71,691	(14,537)	2,944	83,284
Hedge funds	18,783	4,794	(4,010)	17,999
Currency hedging	(259)	(5,979)	7,412	(1,692)
Cash	12,700	16,157	(8,983)	5,526
Total	413,943	–	30,580	383,363
Total UK investments	184,680			165,245
Total overseas investments	229,263			218,118
Total	413,943			383,363
Assets held in pooled funds	97,113			84,605

c. Income from investments	2017	2016
	£000s	£000s
Global equities	2,335	2,604
UK government bonds	2,666	1,847
Private equity	3,030	1,906
Cash	4	24
	8,035	6,381

d. Illiquid assets and investment commitments

At the year end the Foundation had undrawn commitments to private equity funds of £17,471,606 which are expected to be called at various dates between 2018 and 2025. 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 £71,691,738 reported above represents the latest valuations of the funds at or prior to 31 December 2017 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 2017 the charity had open forward exchange contracts to sell US dollars, with a total sterling value of £94,965,873. The settlement date for all of these contracts was 22 March 2018. 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 £252,544 are included within the overall value of the equity investments above.

f. Investments over 5% of the portfolio

	2017	2016
	£000s	£000s
Veritas Global Equity Fund	46,902	42,445
Hosking Global Sub Fund	49,867	41,924

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

a. Investments at market values	2017	2016
	£000s	£000s
Accrued income	1,057	956
Other debtors	3,024	3,853
	4,081	4,809
Due within one year	4,028	3,962
Due after one year	53	847
	4,081	4,809

8. Grants payable

	2017	2016
	£000s	£000s
Grants awarded but not paid at 1 January	24,186	26,994
Grants awarded in the year	11,068	5,468
Grants cancelled in the year	(389)	(675)
Grants paid in the year	(9,724)	(7,601)
Grants awarded but not paid at 31 December	25,141	24,186
Payable within one year	17,968	16,559
Payable after one year	7,173	7,627
	25,141	24,186

For a list of grants awarded in the year please see pages 11 to 28 of the report.

9. Creditors: amounts falling due within one year

	2017	2016
	£000s	£000s
Income Tax and National Insurance	71	68
Accruals	510	686
Other creditors	62	224
Deferred income	26	213
	669	1,191

10. Statement of Total Return

	Permanent endowments	Expendable endowments	Total
	£000s	£000s	£000s
Investment return			
Unrestricted investment income	–	7,712	7,712
Restricted investment income	323	–	323
Unrealised gains	1,477	35,193	36,670
Loss on revaluation of fixed asset	–	(383)	(383)
Loss on revaluation of programme-related investment	–	(15)	(15)
Investment management costs	(75)	(1,792)	(1,867)
Total return for year	1,725	40,715	42,440
Less: application of return	(463)	(11,028)	(11,491)
Net total return for year	1,262	29,687	30,949
'Preserved value' at 31 December 2003	7,581	180,731	188,312

11. Funds

a. Fund movements

	Balance at 1 Jan. 2017	Movement in resources		Unrealised gain	Transfers	Balance at 31 Dec. 2017
		Incoming resources	Outgoing resources			
	£000s	£000s	£000s	£000s	£000s	£000s
Capital funds						
Endowments						
Permanent endowments						
Elizabeth Nuffield fund	2,933	69	(16)	317	(99)	3,204
Commonwealth Relations	10,729	254	(59)	1,160	(364)	11,720
	13,662	323	(75)	1,477	(463)	14,924
Expendable endowments						
Oliver Bird	21,652	–	(120)	2,352	(222)	23,662
Main fund	306,257	–	(1,672)	32,443	(3,094)	333,934
	327,909	–	(1,792)	34,795	(3,316)	357,596
Total endowed funds	341,571	323	(1,867)	36,272	(3,779)	372,520
Expenditure reserve						
Restricted funds						
Elizabeth Nuffield fund	–	–	(99)	–	99	–
Commonwealth relations	996	–	38	–	364	1,398
Oliver Bird	2,959	515	(25)	–	222	3,671
Q-Step	269	4	(48)	–	–	225
Other	–	842	(838)	–	–	4
	4,224	1,361	(972)	–	685	5,298
Unrestricted funds						
Designated						
Strategic Fund	17,911	–	–	–	–	17,911
Q-Step	535	–	(29)	–	–	506
Nuffield Council on Bioethics	107	1	(95)	–	(13)	–
Total Designated funds	18,553	1	(124)	–	(13)	18,417
General Fund	4,628	7,246	(13,484)	–	3,107	1,497
	23,181	7,247	(13,608)	–	3,094	19,914
Total expenditure reserve	27,405	8,608	(14,580)	–	3,779	25,212
Total funds	368,976	8,931	(16,447)	36,272	–	397,732

The total return distribution for 2017 of £11,491k (see note 10) is made up of £7,712k of investment income from expendable endowments, £323k of investment from permanent endowments and £3,456k of capital transferred to income.

b. Analysis of funds – 2017

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

Analysis of funds – 2016

	Unrestricted funds	Restricted funds	Expendable endowment	Permanent endowment	Total
	£000s	£000s	£000s	£000s	£000s
Investments	–	–	369,701	13,662	383,363
Other fixed assets	–	–	5,495	–	5,495
Net current assets/(liabilities)	23,181	4,224	(39,660)	–	(12,255)
Liabilities due in more than 1 yr	–	–	(7,627)	–	(7,627)
Total funds	23,181	4,224	327,909	13,662	368,976

c. Description of funds

- The Elizabeth Nuffield Educational Fund was a gift from the wife of Lord Nuffield 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 was created 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. It is used to fund projects in Commonwealth countries. Unspent income is restricted to this purpose.
- The Oliver Bird Fund was given by Captain Bird for research into the prevention and cure of rheumatism. It is used to fund the Oliver Bird Rheumatism Programme. Unspent income is restricted to this purpose.
- The Main Fund includes Lord Nuffield's original endowment and the Auxiliary Fund, together with a number of subsequent gifts including the Ada Newitt bequest and the Albert Leslie Stewart Bequest (both subsumed into this fund in 2003). This fund was known as the 'Auxiliary Fund' prior to 2004; the change was made following the modification of the Trust Deed in 2003.
- The 'Expenditure Reserve' is referred to in the Total Return Order made by the Charity Commission as the 'Trust for Application (income)'. It is that part of the Foundation's net assets that the trustees have determined is available for future expenditure. It comprises a general fund and three designated funds:
 - The Strategic Fund represents the unrestricted share of the £20m of investment gains liquidated in 2016. In June 2017 we announced our strategy for the period 2017–2022, this fund will be a key component of that strategy with expenditure commencing in 2018.
 - Q-Step identifies future commitments made to co-funders by Trustees.
 - Nuffield Council on Bioethics identifies future commitments made to co-funders by Trustees

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 £10,239 and the Chair

received £15,000. In addition, Trustee Indemnity Insurance was purchased during the year.

	2017	2016
	£000s	£000s
Trustee remuneration	79	72
Expenses paid to the Trustees		
Travel expenses and accommodation	11	16
Number of Trustees receiving expenses	5	6

Although not related party transactions, grants made in 2017 to the IFS (£312,262) have links with one Trustee (James Banks). He did not play any part in the discussions or decisions relating to the grant to his associated institution, in line with our policy on Conflicts of Interest.

Summary of Financial Objectives and Investment Strategy

Objectives

1. Financial objective

- 1.1 To maintain (at least) the Foundation's endowment in real terms.
- 1.2 To produce a consistent and sustainable amount for expenditure.
- 1.3 To deliver 1.1 and 1.2 within acceptable levels of risk.

2. Capital maintenance

- 2.1 The Foundation seeks to protect its endowment from its current experience of inflation (based on $\frac{2}{3}$ Average Earnings Index and $\frac{1}{3}$ Retail Price Index).
- 2.2 The Foundation's composite inflation index is applied to the endowment value of £188,310k (the value on 31 December 2003).

3. Distribution rate

- 3.1 In 2014 the Foundation will distribute 4.5% of the average of the previous twelve quarter market values (at 30 June 2013). From 2015 and thenceforth it will increase this sum by its experience of inflation.
- 3.2 Where market values lie outside the indexed base value with an allowance for volatility (+/-16%) a review of distribution rates will be triggered.

Investment Principles

4. Decision-making and governance

4.1 The Investment Committee is responsible to the Trustees for investment decisions. It includes three Trustee members and two independent investment professionals as advisors (who serve for three year terms). The committee is supported by staff of the Foundation. It is advised by investment consultants (appointed by Trustees).

4.2 The committee appoints investment managers (and terminates their appointments), recommends to Trustees strategic asset allocations and reviews investment performance.

4.3 Investment management is delegated to authorised commercial discretionary managers, properly licensed by the FCA, whose mandates are reviewed regularly.

5. Investment objective

5.1 The Foundation requires a diversified portfolio which will provide the best return for an agreed measure of risk and liquidity.

6. Ethical and other restrictions

6.1 Prohibitions on segregated investment in predominantly tobacco companies (equity or bonds).

6.2 No stock lending.

7. Asset allocation and ranges

Asset Class	Target	Range
Real Assets		
Global Equities	70%	
Private Assets	20%	
Total Real Assets	90%	
Nominal assets	10%	8%–12%
Total assets	100%	

8. Principal benchmarks

- 8.1 Principal measurement is against the Index of Capital Maintenance (see objective 2).
- 8.2 Investment performance will be assessed against total returns relative to a composite benchmark based on asset allocation at the beginning of each period.
- 8.3 Performance is also compared to the ARC Sterling Steady Charity Growth Index (previously WM Charities Unconstrained Index).
- 8.4 Individual manager benchmarks are set out in the following section.

9. Manager Structure and benchmarks

Asset Class	Manager
Real Assets	
Global Equities	Acadian, Harding Loevner, Hosking, Longview, Veritas
Private Assets	Various illiquid funds
Nominal Assets	
Fixed interest	Objective completion
Custodian	Northern Trust

Asset Class	Benchmark	Target
Total Equities	MSCI ACWI	+2%
Private Assets	MSCI ACWI	+3%
Fixed Interest	0–5yr ML Gilt index	

10. Performance assessment

- 10.1 Performance is assessed in £GBP on rolling twelve quarter periods.
- 10.2 Performance targets are net of fees.

Effective from 1 April 2003
Last revision: 2016.

Reference and administrative details

Trustees

Professor David Rhind CBE, DSc, FRS, Hon FBA (Chair)
Professor Sir Keith Burnett CBE, BA, DPhil, FRS, FInstPhys, FLSW (Chair-elect – appointed 1 October 2017)
Professor James Banks MSc, PhD
Dame Colette Bowe MSc, PhD
Professor 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
Josh Hillman, Director of Education
James Brooke Turner, Investment Director (Finance Director during 2017)
Teresa Williams, Director of Justice and Welfare (to February 2018)
Deirdre Carty, Director of HR and Office Services
Ian Hanham, Director of Finance and Information Systems (appointed January 2018)

Investment Consultants

Cambridge Associates
80 Victoria Street, 4th Floor, Cardinal Place
London, SW1E 5JL

Auditors

BDO LLP
2 City Place
Beehive Ring Road
Gatwick, RH6 0PA

Solicitors

Bates Wells & Braithwaite
10 Queen Street Place
London, EC4R 1BE

Global Custodian

The Northern Trust Company
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London, E14 5NT

Bankers

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1 Churchill Place
London, E14 5HP

Principal address

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Charity number 206601

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