

HEYWOOD

FOUNDATION

Charity No. 1180790

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 APRIL 2021

HEYWOOD FOUNDATION

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Heywood Foundation

Legal and Administrative Information

Trustees: Suzanne Heywood (Chair)
Zamila Bunglawala
Gareth Davies
David Halpern
Simon Heywood
Helen MacNamara
Sue Owen
Simon Robey
Sue Gray (appointed 17th May 2021)

Charity Number: 1180790

Registered Office: The Cabinet Office
70 Whitehall
London
SW1A 2AS

Independent Examiners: Moore Kingston Smith LLP
Devonshire House
Goswell Road
London
EC1M 7AD

Bankers: Coutts & Co
440 Strand
London
WC2R 0QS

Letter from the Chair of the Board

The Heywood Foundation was established in November 2018 following the death of Lord Heywood of Whitehall with the intention of continuing to promote two things that he made central to his own work – innovation in public policy and promoting diversity.

This has been the second year of the Foundation's work. I would like to thank, first and foremost, the many generous donors who have continued to make it possible for us to establish and maintain the Foundation. I know that Jeremy would have been honoured and touched by the contributions they have made, and as a Board we are determined to make the best possible use of those funds to forward the objectives of the Foundation. I am also very grateful to my fellow Trustees and to all those others who have offered their time and expertise to help set up and run the Foundation.

In my last letter, which was written in the early stages of the COVID pandemic, I said that we were planning to launch a Heywood Prize. The aim of this prize was something that Jeremy would have strongly supported – making sure that we did not stop innovating policy during the crisis, so that we would emerge from it with ideas for how to make our country better.

We launched The Heywood Prize on 4th January with an article in *The Times* and a series of follow up press briefings including slots on *Times Radio* (Matt Chorley) and *Westminster Hour*. I was also able to use some of the interviews around the launch of my biography of Jeremy, *'What does Jeremy think?'* to promote the Prize and it was also promoted through a number of our partners including the Blavatnik School, the LSE, and Ark Schools.

The Prize asked entrants to answer one or both of the following questions:

1. What is a key challenge or opportunity presented by the COVID-19 pandemic and its consequences?
2. In the case of a problem, how might we fix it? In the case of an opportunity, how do we capitalise on it?

A series of prizes were offered for the winners - the top prize for the first question was £5,000 and the top prize for the second was £25,000. The competition was open to anyone (in the UK or abroad and of any age) and we closed it on 23rd March 2021, the anniversary of the first COVID lockdown in the UK.

We were overwhelmed by the response to the competition, which generated over 1900 entries. This success, however, immediately posed a problem: how to sift these entries? A problem that we solved by recruiting almost 80 'sifters' - civil servants and consultants who generously volunteered their time to go through sets of the entries.

Our sifters judged the entries based on three broad criteria:

- i. The significance of the challenge or opportunity (and scale of impact if addressed)

- ii. Novelty of the issue identified, or slant on it (i.e. is this issue already well known?), or for the second question, the solution being proposed
- iii. Incisiveness of the account (i.e. the impact or persuasiveness of the entry, including there being a prospect it might be soluble) and, for the second question, the practicality/doability and possible impact of the solution being proposed.

Once sifted, the ideas were then considered by our judging panel. This consisted (in addition to myself) of Ed Balls, Damon Buffini, Roger Carr, Amika George, Michael Gove, David Halpern, Gus O'Donnell, Minouche Shafik, Mustafa Suleyman and Sharon White.

I am very grateful both to our sifters, who worked incredibly hard to go through the entries initially, and our judging panel, who made time in their extremely busy lives to consider the entries in a very thoughtful and considered way.

We announced our Prize winners on Thursday, 1st July in a ceremony hosted jointly with Tortoise Media. You will find on our website (heywoodfoundation.com) all our winners and runners up and a link to a recording of the ceremony. We have also made all the top rated entries (the top 500 selected by our sifters) from the competition available on our website and are sharing the ideas with relevant government departments, academic institutions and think tanks to make sure as many as possible are considered and implemented.

As a Board we are now considering our priorities for next year including the timing of the next Heywood Prize. We are also reflecting on some of the learnings from this year, including how we can ensure our entrants are as diverse and representative of society as possible.

This has continued to be a difficult time for many, but we are delighted by the amount of creativity and innovation that the prize has revealed and are hugely grateful to you, our donors, for making it possible for us to capture and share this innovation with Whitehall and more broadly.

Suzanne Heywood

Trustees' Report

The Board of Trustees presents its report and the financial statements for the year ended 30th April 2021. The Trustees confirm that the report and financial statements of the Foundation have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with statutory requirements.

Objectives of the Foundation

The Heywood Foundation was set up to continue the work championed by former Cabinet Secretary Jeremy Heywood on innovative policy creation and diversity within the UK public services. These two issues mattered in the past and will continue to matter in the future whatever challenges our country faces.

Jeremy believed that increasing innovation and diversity will create a more effective Civil Service. On innovative policy thinking Jeremy helped set up the Nudge Unit, he built and used a personal network of contacts to source and test new ideas and he introduced areas of research interest (ARIs), which let academics know what the civil service doesn't know so they can help fill in the gaps. On diversity he believed that the civil service could lead the way, setting up champions for each area of diversity, pushing for clear information and setting individual targets for Permanent Secretaries to achieve. But so much more is needed. The need for innovative policy will never disappear and there will always be new diversity challenges, to make the civil service better reflect the people it serves and so achieve better policy making and delivery.

Structure, Governance and Management

The Heywood Foundation was established as a Charitable Incorporated Organisation and registered at the Charity Commission on 22nd November 2018.

It is run by its Board of Trustees, comprising a number of family, friends and colleagues of Jeremy Heywood who share his passion for increased innovation and diversity. The Board is chaired by Suzanne Heywood. Simon Heywood has responsibility for the Foundation's finances. The Board has been supported on a voluntary basis by many others, allowing the costs of running the Foundation to be minimised.

The Foundation adheres to the principles of the Charity Governance Code.

Under the Constitution, the original Trustees serve for a term of 4 years. New Trustees are appointed by the Board of Trustees for a term of 3 years. Any retiring Trustee is eligible for reappointment.

An Investment Sub-Committee has been established comprising at least three Trustees and one external member with professional investment expertise. The current overall investment objective is to generate a rate of return of around 5% per annum on money held in excess of £200,000 over the medium/long term.

Achievements and Performance

In this second year of the Foundation, against the background of the COVID 19 pandemic, the Trustees decided the best way of meeting its objectives was through launching The Heywood Prize to seek innovative policy ideas from the general public and to present the best of these ideas to Government and others interested in developing policy. Thus providing an opportunity for these ideas to be implemented and play a part in building back better as the country emerges from the current crisis.

The Trustees were overwhelmed by the response to the launch of the Prize, with over 1900 entries received, providing many different perspectives on a very wide range of issues. We are very grateful to all entrants, sifters and judges for making it such a success.

We also remain extremely grateful to those who have generously donated this year and in the past, allowing our original fundraising targets to be met. During the year, donations totalled £70k and this income was supplemented by dividend /interest income of £32k. Reserves were also bolstered by investment valuation gains of £60k.

The Foundation's charitable expenditure during the year was to support The Heywood Prize. Prize money of £65k was accrued at the year end and additional costs of £5k were incurred for predominantly IT technical support.

A Prize Ceremony was held after the Year End on 1st July. The winning entries, together with others that were shortlisted, are available on the Heywood Foundation's website and are being shared with relevant Government Departments and other interested bodies in the hope that as many as possible will be taken forward.

As the Foundation continued to be run by the Trustees with the support of family and friend volunteers, administration costs remained minimal (£159 - excluding bank fees and Audit costs).

Overall, a surplus of £84k was generated in the year, leading to Total Reserves at the Year End of £1.34m, of which £46k were Restricted Funds. These are held to specifically support the work of future Heywood Fellows.

Reserves Policy

The Foundation was originally set up with the intention of operating for 10 years, from the summer of 2019. Its Reserves Policy is to maintain sufficient Reserves to fund expenditure of at least £100,000 per annum (adjusted for inflation) on charitable activities until 2029. Additional funds held and raised in the future will be utilised on additional projects consistent with the Foundations objectives and/or to extend its timespan.

Principal Risks and Uncertainties

The Trustees are responsible for monitoring and mitigating the principal risks being faced by the Foundation and are satisfied that processes are in place which ensure good governance, prevent fraud or malpractice and retain the good reputation of the Foundation.

The principal risks are those which, without mitigation, would have a serious impact on the activities of the Foundation:

The Cabinet Office is unwilling or unable to support the Foundation's activities. Regular contact is made at both senior official and ministerial level to ensure ongoing buy-in and a range of other options is available to further the Foundation's objectives of increasing innovation and diversity within the UK public sector, whether or not the Cabinet Office actively supports its activities.

Reputational risks as a result of a project not being successfully concluded or having a disappointing impact. The Trustees take a rigorous approach to decision making and projects only proceed when there is a clear buy-in from all interested parties and when the objectives and scope are clear. Once initiated, the progress of the project is monitored closely by the Trustees.

Additionally, the Trustees have considered the impact COVID19 has had and may continue to have on the Foundation and are confident there has been no direct impact on its fundraising plans or its cost base. Its reserves are strong. The Trustees have been able to continue to meet by Zoom. As described in the Letter from the Chair of the Board, the Trustees considered how the Foundation can help society respond to the challenges arising from the pandemic and, as a result, launched the Heywood Prize.

Statement of Responsibilities of the Board of Trustees

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, including FRS102 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; and
- state whether a Statement of Recommended Practice (SORP) applies and has been followed, subject to any material departures which are explained in the financial statements.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deeds. 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.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Trustees on 6th October 2021 and signed on their behalf, by:

A handwritten signature in black ink, appearing to be 'SW' with a stylized flourish underneath.

Simon Heywood
Trustee

Independent Examiner's Report to the Trustees of Heywood Foundation

I report to the trustees on my examination of the accounts of Heywood Foundation for the year ended 30 April 2021.

Responsibilities and basis of report

As the charity trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

- 1) accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
- 2) the accounts do not accord with those records; or
- 3) the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Moore Kingston Smith LLP

Neil Finlayson

(ACA, ICAEW)

For and on behalf of Moore Kingston Smith LLP

Chartered Accountants

Devonshire House
60 Goswell Road
London EC1M 7AD

Date: 11 October 2021

Heywood Foundation
STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 30 April 2021

	Note	Unrestricted Funds £	Restricted Fund £	Total 2021 £	Unrestricted Funds £	Restricted Fund £	Total 2020 £
INCOME AND ENDOWMENTS FROM:							
Bank Interest Received		562		562	6,021		6,021
Dividend Income		31,706		31,706			
Donations	1	44,859	25,000	69,859	1,254,863	25,000	1,279,863
TOTAL INCOME AND ENDOWMENTS		77,127	25,000	102,127	1,260,884	25,000	1,285,884
EXPENDITURE ON:							
Charitable activities	2	70,147	-	70,147	4,168	3,682	7,850
Cost of Raising Funds	3	77		77	1,955		1,955
Administration Costs	4	7,492		7,492	9,417		9,417
TOTAL EXPENDITURE		77,716	-	77,716	15,539	3,682	19,221
NET INCOME/(EXPENDITURE) AND NET MOVEMENT IN FUNDS BEFORE GAINS AND (LOSSES) ON INVESTMENTS							
		(589)	25,000	24,411	1,245,345	21,318	1,266,662
Gains/(Losses) on investment assets	5	60,354		60,354	(4,411)		(4,411)
NET MOVEMENT IN FUNDS FOR THE YEAR		59,765	25,000	84,765	1,240,934	21,318	1,262,251
Funds brought forward at 1 May		1,240,934	21,318	1,262,251			
TOTAL FUNDS AT 30 APRIL		1,300,699	46,318	1,347,016	1,240,934	21,318	1,262,251

Heywood Foundation
BALANCE SHEET
as at 30th April 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Investments	5	952,710	295,537
		<u>952,710</u>	<u>295,537</u>
CURRENT ASSETS			
Debtors	6	223	54
Cash at bank and in hand		464,776	975,062
		<u>464,999</u>	<u>975,116</u>
CREDITORS: Amounts falling due within one year	7	(70,692)	(8,401)
NET CURRENT ASSETS		<u>394,306</u>	<u>966,714</u>
NET ASSETS		<u>1,347,016</u>	<u>1,262,251</u>
CHARITY FUNDS			
Restricted Funds	8,9	46,318	21,318
Unrestricted Funds	8,9	1,300,699	1,240,934
		<u>1,347,016</u>	<u>1,262,251</u>

The financial statements were approved by the Trustees on 6th October 2021 and signed on their behalf, by:



Simon Heywood
Trustee

Heywood Foundation
STATEMENT OF CASH FLOWS
for the year ended 30th April 2021

	Note	2021 £	2020 £
Cash flows from operating activities	10	54,265	1,268,989
Cash flows from investing activities			
Investment income		32,268	6,021
Purchase of investments		(596,819)	(299,948)
Change in cash and cash equivalents in the year		<hr/> (510,286)	<hr/> 975,062
Cash and cash equivalents brought forward		975,062	-
Cash and cash equivalents carried forward		464,776	975,062

Heywood Foundation
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30th April 2021

Accounting Policies

Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

Heywood Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

These accounts are prepared on the historic cost basis of accounting except for investments which have been included at revalued amounts.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest pound.

Going Concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular, the trustees have considered the charity's forecasts and projections and have taken account of any potential pressures on income and the impact of Covid-19. After making enquiries, the trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore adopts the going concern basis in preparing its financial statements.

Reporting Period

The entity has prepared the financial statements for a 12 month period however the comparative accounts are presented for a longer period from incorporation on 22nd November 2018 to 30 April 2020. Therefore the amounts presented in the financial statements (including the related notes) are not entirely comparable.

Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Investment income, gains and losses are allocated to the appropriate fund.

Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated to the applicable expenditure headings.

Heywood Foundation
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30th April 2021

Accounting Policies (continued)

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount paid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Heywood Foundation
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30th April 2021

	2021	2020
1 INCOME FROM DONATIONS		
Donations - unrestricted	44,859	1,254,863
Donations - restricted	25,000	25,000
	<u>69,859</u>	<u>1,279,863</u>
2 EXPENDITURE ON CHARITABLE ACTIVITIES		
	2021	2020
	£	£
Competition Prizes	65,000	-
Administration support	5,147	3,682
Heywood Fellow Event at Cumberland Lodge	-	3,535
Other Heywood Fellow Events	-	632
	<u>70,147</u>	<u>7,850</u>
3 COST OF RAISING FUNDS		
	2021	2020
	£	£
Platform Fees	77	1,389
Stationery Costs	-	566
	<u>77</u>	<u>1,955</u>
4 ADMINISTRATION COSTS		
	2021	2020
	£	£
Independent Examiner's remuneration	3,240	8,400
Other	118	108
Bank Charges	4,134	909
	<u>7,492</u>	<u>9,417</u>
5 FIXED ASSET INVESTMENTS		
	2021	2020
	£	£
Market value		
Opening Balance - 1 May	295,537	-
Additions	596,819	299,948
Unrealised gain/(loss)	60,354	(4,411)
Closing Balance - 30 April	<u>952,710</u>	<u>295,537</u>
 Investments at market value comprise:		
	2021	2020
	£	£
Listed investments	952,710	295,537
6 DEBTORS		
	2021	2020
	£	£
Other debtors	223	54

Heywood Foundation
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30th April 2021

7 CREDITORS: amounts falling due within one year	2021	2020
	£	£
Other creditors	2,452	1
Accruals and deferred income	68,240	8,400
	<hr/> 70,692	<hr/> 8,401

8 SUMMARY OF FUNDS

2021	Funds b/ fwd £	Incoming resources £	Resources expended £	Gains £	Funds c/ fwd £
Unrestricted Funds	1,240,934	77,127	77,716	60,354	1,300,699
Restricted Funds	21,318	25,000	-	-	46,318
TOTAL	<hr/> 1,262,251	<hr/> 102,127	<hr/> 77,716	<hr/> 60,354	<hr/> 1,347,016

2020	Funds b/ fwd £	Incoming resources £	Resources expended £	Losses £	Funds c/ fwd £
Unrestricted Funds	-	1,260,884	15,539	4,411	1,240,934
Restricted Funds	-	25,000	3,682		21,318
TOTAL	<hr/> -	<hr/> 1,285,884	<hr/> 19,221	<hr/> 4,411	<hr/> 1,262,251

9 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund £	Restricted fund £	Total 2021 £
Fixed asset investments	952,710		952,710
Debtors	223		223
Cash at the bank and in hand	418,458	46,318	464,776
Creditors due within one year	(70,692)		(70,692)
	<hr/> 1,300,698	<hr/> 46,318	<hr/> 1,347,016

	Unrestricted fund £	Restricted fund £	Total 2020 £
Fixed asset investments	295,537		295,537
Debtors	54		54
Cash at the bank and in hand	953,744	21,318	975,062
Creditors due within one year	(8,401)		(8,401)
	<hr/> 1,240,934	<hr/> 21,318	<hr/> 1,262,251

Heywood Foundation
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30th April 2021

10 RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021 £	2020 £
Net movement on funds	84,765	1,262,251
Deduct: Investment income	(32,268)	(6,021)
Add/Deduct: Gains on investments	(60,354)	4,411
Decrease/(Increase) in debtors	(169)	(54)
Increase in creditors	62,291	8,401
	<hr/> 54,265	<hr/> 1,268,989

11 RELATED PARTY DISCLOSURES

Payments of £118 (2020: £108) to a Trustee, Simon Heywood, as reimbursement of the LEI Number Renewal Fee and ICO Registration Fee paid. No Trustees (2020: 2) have a financial interest in organisations which made donations during the year (2020: such donations were made totalling £110,000).