

# Annual Report and Financial Statements for the year ended 31 December

2020

# **Our mission**

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The Joseph Rowntree Foundation (JRF)'s mission is to inspire action and change to solve UK poverty. Together with the Joseph Rowntree Housing Trust (JRHT), we are working towards a shared vision of a prosperous UK without poverty.

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# Structure, Governance and Management

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## Trustees and Statutory Directors



**Gillian  
Ashmore**  
(resigned December  
2020)



**Saphié  
Ashtiany**



**Deborah  
Cadman OBE**



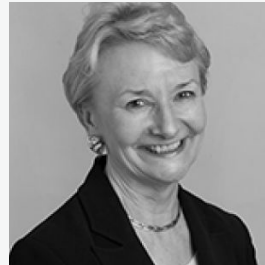
**Helen  
Evans**



**Will  
Haire CB**  
(Chair)



**Paul  
Jenkins**



**Maureen  
Loffill**



**David  
Lunts**



**Graham  
Millar**  
(resigned December  
2020)



**Professor Carol  
Tannahill**



**Professor Dianne  
Willcocks CBE DL**  
(Deputy Chair)  
(resigned December  
2020)

## Executive Directors



**Paul  
Kissack,**  
Group Chief Executive  
(from September  
2020)



**Claire  
Ainsley,**  
JRF Executive Director  
(to April 2020)



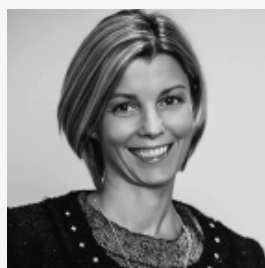
**Helen  
Barnard,**  
Interim JRF Executive  
Director  
(from May 2020)



**Tracey  
Preece,**  
Director of Finance



**Chris Simpson,**  
JRHT Executive  
Director



**Claire  
Townson,**  
Director of  
Corporate Services

(Note: in the absence of a chief executive up to September, while recruitment took place, the Chair, Will Haire, assumed a non-remunerated Executive Chair role).

# Reference and administration information

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# Introduction

WILL HAIRE – Chair of Trustees

This annual report and accounts covers the period to the end of December 2020. This has been an extraordinary and tragic year, and one which required all of us to adapt to unprecedented challenges. It comes at the end of a decade in which ever more children and workers were caught up in a rising tide of poverty. Homelessness, destitution and debt all saw sharp rises during this decade. The recovery from the Great Recession of 2008 was one in which employment levels rose, but too many workers were trapped in low-paid, insecure jobs, unable to work enough hours to make a decent living or to access training and opportunities to progress up to better-paid jobs. Cuts and freezes to social security meant that incomes fell fastest for those on the lowest incomes, undermining the gains from a rising National Living Wage.

As the pandemic took hold, people already trapped in poverty were the worst affected by the economic storm. Groups already locked in poverty and disadvantaged in the labour market, bore the brunt of job losses and cuts in hours and incomes, particularly workers from Black, Asian and minority ethnic backgrounds, disabled people and single parents.

However, as well as the tragedy and loss that marked 2020, it was also a year in which we saw the strength of our values and the speed with which governments and communities could mobilise to protect and support one

another. Bold and compassionate interventions that would have been inconceivable previously were put in place. The insufficiency of social security to help people through difficult times was recognised, with widespread public and political support for strengthening these lifelines. Across our society, we recognised that some of our lowest-paid workers were those who were most crucial to our lives and well-being.

As has been the case for many organisations, the Joseph Rowntree Foundation (JRF) had to rapidly adapt to the changed world around us. With tremendous support from colleagues in our central services teams, we moved all non-front-line staff to remote working. We found new ways to connect with one another and with our external partners. Staff across the whole organisation pulled together, living our values of caring for one another, being trustworthy partners and maintaining our focus on making a difference for and with people in poverty. We have seen countless examples of kindness and of people going above and beyond to support colleagues and partners.

2020 was the first year in which JRF was fully formed under our new model as a social change organisation, with our teams and Outcome Plans in place. Despite having to rapidly revise our plans when the pandemic took hold, we have been able to test many of our ideas and try out new ways



of working and new tools to create change. In September, we welcomed our new Group CEO, Paul Kissack. It has been a challenging time to join a new organisation, with restrictions on movement and remote working meaning that he had to get to know most colleagues on-line, whilst supporting many people under intense personal and professional pressure. With Paul's leadership, the Board and staff have begun to look ahead to our next Strategic Plan. In the coming year we are embarking on a process of reflecting on what we have learned and achieved over this Strategic Plan and refining our goals for the future and our conception of how we can best create a prosperous and poverty-free UK.

As the public health emergency eases, we are looking ahead to the recovery. The coming years offer both opportunities and risks. The opportunity arises from the period of reflection and redesign that often follows a major national (and global) trauma. COVID has shone a light on some of the most glaring injustices in our society. The way that many low-paid workers are treated, the health and economic impacts of racism and racial injustice and the damning indictment of our society that those who were already struggling were the hardest hit by this crisis. The risk is that the country passes from the public health emergency back into its former groove and that emotional fatigue leads people to turn away from these injustices. Our goal in the coming years is to prevent a return to the 'normality' which locked so many of us in poverty. We aim to turn a shared tragedy into a shared determination to rebuild our economy and our society to create opportunity, justice and freedom from poverty.



This is also the first group annual report and accounts that JRF has produced. After 116 years, JRF was incorporated as a Company Limited by Guarantee and the Joseph Rowntree Housing Trust (JRHT) formally became its subsidiary. Although JRHT still produces its own annual report and accounts which explain its activities, how the challenges associated with the pandemic were managed and its plans for the future, this group report also incorporates key JRHT highlights. It is particularly pleasing to report that in April 2021 the Regulator of Social Housing's latest In-Depth Assessment (IDA) of JRHT was concluded and resulted in its governance rating improving to G1. This is the highest possible rating and reflects the positive changes made to governance arrangements since the last review in 2017.

For the whole group, 2021 will inevitably bring continued challenges but also the opportunity to reflect on the effects of the pandemic, and an opportunity to recover and rebuild even stronger.

# Governing document 2020

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The Joseph Rowntree Foundation (JRF) was formed by a Deed of Foundation dated 13 December 1904, originally under the name of the Joseph Rowntree Village Trust. There have been a number of changes to the Deed since then, the most significant being effected under the Joseph Rowntree Memorial Trust Act 1959. The name was changed to the Joseph Rowntree Foundation in 1990.

Following a review of governance structures and an incorporation process in 2020, JRF is now constituted as a Company Limited by Guarantee and its governing document is the JRF Articles of Association. Merger accounting was adopted for the transition to a Company Limited by Guarantee which means that, although this is the company's first year, the accounts are presented as though JRF has always had this legal form. This includes providing comparative data for 2019 within the report and accounts.

The incorporation exercise also

resulted in JRHT being recognised as a subsidiary of JRF. As a consequence, group accounts are being prepared for the first time. Trustees have concluded that merger accounting should be used for the Group accounts. More details are set out in the accounting policies accompanying the financial accounts.

Trustees set the strategy for JRF and the wider Group; day-to-day management functions are the responsibility of the Executive Directors.

Both JRF and JRHT are supported by Group services which provide an enabling environment that focusses on Finance, People, Tech and Change, Risk Management, Facilities and Health and Safety services. Within this context, the Group aims for effective governance where staff are empowered to put value for money at the centre of everything they do supported by core values that seek to build trust, make a difference and show that we care.

## RECRUITMENT OF TRUSTEES

As per the Articles of Association, JRF Trustees are appointed by existing Trustees to serve three-year terms. There is a maximum of three terms for each Trustee, so they can serve for a maximum of nine years.

Recent comprehensive recruitment drives have been conducted in partnership with external specialists, with diversity, skills and continuous improvement pivotal to the brief. A skills matrix is maintained for all

Trustees which informs recruitment of Trustees and nominations to other governance committees in the Group. Although Trustees have been part of recruitment exercises for new JRHT Board members, the majority of the each panel comprised of JRHT Board Directors.

Trustee induction and personal development arrangements are regularly reviewed, and a specific budget is established for this purpose.

A new cohort of Trustees has been recruited, in Q4 2020 with terms to commence from 2021.

## ORGANISATIONAL STRUCTURE IN 2020

JRF is governed according to its Articles of Association by JRF Trustees. Joseph Rowntree Housing Trust (JRHT), a subsidiary within the Group, is governed according to the JRHT Rules by the JRHT Board.

JRF is responsible for setting strategy and Group operations and there is an Intra-Group Agreement that specifies the relationship between the two organisations.

Clifton Estate Ltd, a property company established in the 1920s which owns and manages a small number of residential, commercial and garage properties, is a further subsidiary within the Group.

There are three sub-committees that support both JRF and JRHT.

- **Audit and Risk Committee (ARC).** This committee is responsible for ensuring that there is a robust and independent control framework across JRF and JRHT. It ensures compliance with the risk-management strategy

and that there is best practice in the approach to internal audit. In 2020, the committee consisted of two JRF Trustees, two JRHT Board Members and three independent members.

- **Resources Committee** has responsibility for oversight of JRF's finances and for all corporate activities that straddle both JRF and JRHT, such as the People team, Technology and Change team and Finance. In 2020, the Committee consisted of three JRF Trustees, two JRHT Board Members and three independent members.

- **Nominations and Governance Committee** is responsible for ensuring that best practice in governance is adopted across JRF and JRHT. It is also responsible for recommending the appointment of all governance committee members to Trustees. There are up to five members of this Committee, all of whom are JRF Trustees and JRHT Board Members including the JRF and JRHT chairs.

In addition to the sub-committees that are shared with JRHT, there are two further committees that report directly to JRF Trustees alone.

- **Investment Committee.** This committee oversees the management of the financial investments in line with any financial and non-financial objectives or ethical constraints in the endowment and investment strategy set by JRF Trustees. The Committee consists of three Trustees and three independent members.

- **Social Investment Committee.** This committee oversees the implementation of the social investment strategy in line with any financial and non-financial objectives or ethical constraints in the endowment and investment strategy set by JRF Trustees. The membership consists of two Trustees and two independent members.

In addition, JRHT has two specialist committees; Care Sub-Committee which oversees its care operations and Development Sub-Committee which has oversight of its programmes of work to deliver new rented and shared ownership homes.

Trustees are committed to delivering best practice in the governance of the

Group and as such have commenced a running Board Effectiveness programme which culminates in a full, comprehensive review every three years, the first of which took place in 2020. Trustee appraisals, including for the Chair of Trustees, and light-touch effectiveness reviews are conducted annually. The design of this process was developed in 2020 in conjunction with external experts.

JRF Trustees have adopted the Charity Commission Code of Governance and self-assess against this annually. With only a small number of potential minor improvements identified, JRF is compliant with the Code that applied up to the end of 2020. A refreshed Code was released at the end of 2020 with greater emphasis on the Integrity principle and Equality, Diversity and Inclusion. 2021 will see us making further changes to reflect the refreshed code. For the year ended 31 December 2020, JRHT adopted the 2015 National Housing Federation (NHF) Code of Governance.

Pay and remuneration is set by JRF Trustees, on the recommendation of Resources Committee and in consultation with JRHT Board.

## STRATEGIC REPORT

(including the Directors' report as required by company law)

# Objectives and activities

JRF shares its vision with its subsidiary JRHT to achieve a prosperous UK without poverty.

JRF and JRHT share a set of values which are core to the way the organisations work and are at the heart of everything that we do. They show what we care about, help us make decisions and show us how to behave together. Our values support us to deliver our mission to inspire action and change to solve UK poverty.

As well as values, JRF and JRHT also share two common outcomes which are:

- Everyone has a decent home in a good place.
- Everyone has good living standards and prospects.

Joseph Rowntree set up his trusts to search out the root causes of social 'evil' and influence social advancement through its research, policy, collaboration and practical solutions.

JRF's strategy to deliver its vision and mission is based on:

- Building the public and political will for the need for change, demand for solutions, and advocating for those solutions.
- Developing credible solutions with people and organisations who have

the power to effect change.

- Holding governments and others to account for their impact on UK poverty, positioning JRF as the leading authority on UK poverty.

To help us focus our work in the above areas we have four specific JRF outcomes:

- More people want to solve poverty, understand it and take action.
- More people find a route out of poverty through work.
- More people find a route out of poverty through a better social security system.
- More people live in a decent, affordable home (shared with JRHT).

JRHT's specific outcomes are:

- More people are independent and well.
- More people can improve their prospects.
- More people are shaping our communities.
- More people live in a decent affordable home (shared with JRF).

The JRF operating model is based on a 'social change' approach which involves identifying the outcome and measures for success, then determining the methods, activities,

partnerships and resources which will best achieve the outcome.

Issues of this scale and complexity are, however, too big to tackle alone. We work collaboratively alongside people with lived experience of poverty, and organisations with shared goals, to achieve change. As well as enabling our own capacity to develop solutions, we will continue to actively explore where the activities we set out can be undertaken by others or in partnership.

The substantial endowment that came with the establishment of the trusts means that JRF does not need to fundraise and does not, therefore, have a fundraising policy. It does, however, have financial mechanisms which ensure the real value of the endowment is maintained whilst giving JRF access to a sustainable level of funding. The mechanisms include a calculation which compares the value of the underlying investments less any liabilities over the previous three years to a long-term target. The difference between the actual value and the target determines the percentage of the endowment that can be used as core funding during the following financial year. The amount of core funding is formally approved by the Resources Committee on an annual basis. This process acts as a proxy for a formal reserves policy.

### **JRHT's objectives and activities are shaped by:**

- JRF-JRHT Strategic Plan 2017-2021.
- Strategic and operational priorities for the organisation and in key areas of work covering Housing and Community Services, Development and Asset Management and Care.
- JRHT 30-Year Financial Plan.

Although as service provider of housing and care services, JRHT was heavily influenced by the pandemic in 2020 it was also able to focus on:

- **Strengthening its governance** – the organisation has continued to do this through formal incorporation and further Board recruitment. Further work on its Financial Plan has delivered greater understanding of the risks facing the organisation. The Regulator of Social Housing awarded JRHT the highest rating possible (G1) for its governance following an in Depth Assessment during the first half of 2021.
- **New developments and managing assets** – whilst progress has been good in terms of strengthening our governance arrangements, planning and construction have been delayed. New Lodge (apartments and a residential care home) will hand over in Autumn 2021 and Willowbank (a new housing development), is awaiting planning approval.
- **Delivering housing services** – some of the Housing and Community Services team's strategic priorities were significantly impacted during the pandemic. We know, however, that key areas of operation around rent collection, repairs delivery, relets and modernisation and improvement to our properties performed satisfactorily given the serious disruption felt.
- **Delivering care services** – JRHT continued to make improvements in the quality of its care services, although care and extra care services were the areas most affected by the pandemic.



# How activities deliver public benefit

JRF's main activities are described in the following 'Achievements and Performance' section. Our charitable activities focus on working with others to inspire action and change to solve UK poverty. We work across the disciplines of evidence and impact, policy and partnerships, external affairs, economics, advocacy and public engagement, and across the four nations of the UK.

JRHT's objectives and activities are all intended to provide a public benefit. This is achieved through services such as:

- provision of affordable housing, care and support;

- development projects that provide evidence for replication by other developers and service providers; and
- collaboration with JRF to progress shared outcomes of everyone having a decent home in a good place, and everyone having a good standard of living and prospects.

Trustees have had due regard to guidance on public benefit produced by the Charity Commission and are of the opinion that undertaking these activities fully meets the requirements of section 17 of the Charities Act 2011 to deliver public benefit.





# Achievements and performance

Performance against JRF's four outcomes is set out below



## MORE PEOPLE WANT TO SOLVE UK POVERTY, UNDERSTAND IT AND TAKE ACTION

- As a result of an interaction facilitated by On Road Media involving people with lived experience and JRF staff, a storyline in one mainstream soap about young carers and the limited help they get from local authorities and government was heavily influenced by our partners with lived experience.
- Further to the work JRF has undertaken with one major TV channel on trying to improve the media representation of people on benefits, a recent documentary showed how we have been able to drive a shift in the way the media represents people in poverty.
- To reinforce the narrative that the Conservatives, in part, owe their majority to low-income voters we published an [analysis](#) of Labour's defeat, the Conservative breakthrough in many traditional Labour areas, and what this reveals about British politics, arguing that current economic and societal impacts of COVID-19 mean all political parties need to keep the focus of debate on this pivotal group.
- JRF partnered with Church Action on Poverty and Greater Manchester Poverty Action to host a North of England Lived Experience network event around Framing. This helped to create a real alliance in the North of England with a specific focus on local grassroots and activist groups.
- In the period August to November, we identified 114 groups that are grassroots themselves or have grassroots connections, with which to have conversations. To date 19 separate meetings have taken place to understand the nature of the grassroots advocacy and activism in those groups, and possible areas where JRF can support their work.
- JRF has supported the [APPLE Collective](#) led by people with experience of poverty to further develop this year. We have seen the number of members double, the governance structures further develop and have supported the amplification of their voice and messages on two main occasions. Firstly, during COVID-19 and their call for digital

inclusion and free wifi for low-income groups. Secondly, on the International Day for the eradication of poverty we supported them to amplify their voices over social media.

- JRF has been working with the [Little Village](#) grassroots baby bank to develop an ambassador network which will amplify the voices of those parents affected by poverty.
- JRF has worked with the Poverty Truth Commissions (PTC) with impacts including, Cheshire West council adopting the PTC model as a way of working for the council, establishing a new committee reporting direct to the cabinet; ForHousing changing the way it delivers its services to link with people with experience; Manchester PTC delivering a social media campaign, fully framed, highlighting voices of people in poverty during COVID-19; Morecambe Bay PTC supported and informed public sector planning and decision making processes on COVID-19; and one of the energy providers involved in the Commission now gives a grace period on energy bills to those moving on to Universal Credit as a result of engagement with people with experience.
- JRF supported partner groups led by people with experience to take part in meetings with DWP officials to raise their voices on the impact of COVID-19 on people in poverty.

- With JRF's support, the [Poverty2Solutions](#) group successfully developed a strong campaign to advance their call to put lived experience at the heart of policy making. The campaign seeks to 'demonstrate by doing' by calling on the Government to reform damaging welfare debt deductions in collaboration with people with lived experience. Preparatory work continues and relationship building will begin in early 2021.

- JRF published a summer briefing, '[A Stronger Scottish Lifeline in the economic storm](#)' (July 2020) which was widely cited by Scottish MSPs in Parliament as well as the media. The briefing looked at the evidence of the impact of COVID-19 in the round (jobs, housing and social security). It successfully kept up the pressure to get back on course for meeting statutory child poverty reduction targets and supported one of our lived experience partners (Dundee Fighting for Fairness) with its calls to action.

- During Challenge Poverty Week (October 2020), the [Scottish annual state of the nation](#) report was launched and received extensive media coverage. The Scottish Government emphasised its commitment to solving poverty. We will continue to build on this dialogue, alongside our experts by experience in 2021 ahead of the Scottish Parliament elections in May.



## MORE PEOPLE FIND A ROUTE OUT OF POVERTY THROUGH WORK

- [The Greater Manchester Good Employment Charter](#), which had significant input from the JRF funded Inclusive Growth Analysis Unit (IGAU) at the University of Manchester, was launched. The charter aims to increase the number of good jobs available in the city region and was informed by IGAU's work.
- The first two accredited Living Hours Employers were announced by the [Living Wage Foundation](#) (LWF). Aviva and Standard Aberdeen committed to the Living Hours criteria which provides security of hours and stability of shifts for both directly employed staff and workers in their supply chains. JRF funded the original development work and the follow-on work to promote the scheme working closely with the Living Wage Foundation throughout.
- JRF continues to support the calculation of the voluntary Living Wage and the Living Wage Commission as well as being a member of the commission and the Living Wage Foundation (LWF) Advisory Council. This contributes to the work of the LWF who have accredited over 800 employers since March 2020 despite the pandemic.
- [JRF's recommendation](#) to create a COVID-19 Scheme to replace the government's Coronavirus Job Retention Scheme was referenced by Shadow Chancellor Anneliese Dodds MP in an Opposition Day Debate in the House of Commons on 9 September 2020.
- [The Inclusive Growth Knowhow Network](#), funded by JRF, was formally launched in September 2020 with public support secured from political leaders of member authorities, including the Mayors of Greater Manchester, West Midlands and Sheffield City Region.
- JRF held four well attended webinars focused on our economics expertise on topics ranging from [job security](#) to [housing](#) and [levelling up](#). The key goal was to position JRF's economics expertise more widely as well as creating a greater network of external stakeholders in this high-profile space.
- JRF's in-work poverty co-design project landed on an area to influence through a process of co-design and deliberation – the upcoming Employment Bill. This project has successfully influenced JRF priority areas with regard to 'Good Jobs' and will be now ramping up efforts to amplify the voices of people with experience.
- JRF has contributed to a [major essay collection](#) on good work and productivity (published by Carnegie Trust UK and launched by the Chief Economist of the Bank of England). This work both raised the profile of in-work poverty as an issue and continued to build JRF's reputation in the good jobs policy debate.
- JRF has supported and funded a new responsible business charity – [Re:generate](#) to develop their project

on purpose-driven business. Their first output looked at the barriers holding back purpose-driven businesses to have a positive societal impact. This work will enable JRF messages to be discussed by new audiences in the entrepreneurial, start-up and investment world.

- JRF's Associate Director Scotland delivered oral evidence at the Scottish Parliament's Economy, Energy and Fair Work Committee inquiry on the impact of COVID-19 on Scotland's businesses, workers and the economy. We were able to stress the need for a recovery shaped directly by those with experience of living in poverty and that efforts on job creation and

retention should be focused on those most at risk of poverty. We also made a specific, living-standards boosting recommendation on public procurement in response to section 2.1.1 of the Government's Economic Recovery Implementation Action Plan.

- JRF became a founding member of the [Workertech Partnership](#) led by the Resolution Foundation. Our contribution is a mixture of grant funding and social investment towards this project which will support tech start-ups that address precarious work, voice and training for low-paid workers.







## MORE PEOPLE FIND A ROUTE OUT OF POVERTY THROUGH A BETTER SOCIAL SECURITY SYSTEM

- After sustained campaigning alongside a broad coalition across Scotland, the Scottish Government announced it would prioritise the delivery of the Scottish Child payment to the under-sixes, despite the ‘delay’ with delivery of this new benefit. The application process for this brand-new benefit, worth £10 per child, was opened in November 2020 and payments began in February 2021.
- JRF launched a campaign in September 2020 calling on the Government to [#KeepTheLifeline](#) by making the £20-per-week uplift to Universal Credit permanent and by extending it to legacy benefits. We played a leading role in the sector, sharing our messaging expertise and coordinating interventions from more than 60 charities, leading politicians and religious leaders. The campaign has received continuous coverage across almost all media platforms and our ask has formed part of the recommendations in reports from the Treasury Select Committee, the Work and Pensions Select Committee, the Lords Economic Affairs Committee and the All Party Parliamentary Group for Universal Credit.
- We have responded to multiple parliamentary inquiries in 2020, two of which have resulted in invitations to provide oral evidence at the House of Lords Universal Credit Inquiry and the Work and Pensions Committee inquiry into the five-week wait for Universal Credit.
- Work on our ‘grounding partnerships’ started well despite the pandemic. The grounding partnerships are a key part of the social security outcome plan and involve the establishment of three deep partnerships with organisations with lived experience, supporting our objective of moving towards a social security system where the voice and power of users is at the heart of decisions. We have successfully adapted our work with London Unemployed Strategies (LUS) and are engaged in conversations with other organisations around establishing the remaining two partnerships. We are also in the early stages of establishing a co-design project with members of LUS, focused around carers’ benefits.
- Throughout the pandemic, we have continued to form and work through productive alliances to advance specific policy goals: for example, as a member of The Children’s Society-led alliance on Local Welfare Assistance; working with multiple sector partners to submit aligned recommendations to the Government’s debt consultation, and adopting a key role within the Trussell Trust-led coalition for advancing aligned budget goals.
- JRF published the [Universal Credit in Glasgow](#) report following research undertaken by Glasgow University and the Poverty Alliance. Its unique contribution involved researching the views and experiences not just of claimants and support agencies, but also Jobcentre Plus work coaches.

## MORE PEOPLE HAVE A DECENT AFFORDABLE HOME

- JRF was a leading contributor to concerted pressure from the housing sector on Government to [extend the eviction ban](#) and [mortgage holidays](#) – both of which the Government did. In respect to the latter, we presented compelling data on the struggles facing mortgage holders to people in key government departments in the run up to the announcement of the second lockdown.
- JRF launched an elite-focused campaign to build support for more social housing among target groups of MPs. Building on a [briefing](#) and webinar, individual meetings with MPs were held and we are now working with an engaged group to become allies over the next year.
- JRF campaigned for [better crisis support for struggling renters and homeowners](#), focusing particularly on Local Housing Allowance and Support for Mortgage Interest. We conducted two rounds of polling – one in May and one in October – which showed the economic impact of COVID on renters and homeowners, providing us with compelling data to share with the media. We also used our polling to successfully engage political stakeholders including officials, advisers and politicians.
- JRF has built relationships with lived-experience partners, including Housing Action Southwark and Lambeth (HASL) – supporting them with a Select Committee response and organising media and content training for their members.
- JRF organised a roundtable with the Design Council, advocating for housing solutions for those temporarily rehoused due to COVID-19. Lived-experience delegates helped to run the workshop. The outputs from the Design Council roundtable fed into guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG).
- JRF commissioned a [Scotland renters poll](#) to complement the UK May polling. It revealed new evidence of the scale of financial strain impacting particularly on Private Rented Sector tenants and suggested very low levels of tenant/ landlord agreements. Our evidence was cited by MSPs and contributed to pressure on the Scottish Government to do more to support struggling tenants. As part of a sectoral call to action with partners, this led to the Scottish Government creating the Tenant Hardship Loan Fund, as well as further investments in Discretionary Housing Payments.
- JRF supported the publication of a [report exploring the social and economic impact of social housing in Scotland](#) both overall and its wider contribution to Scotland's National Performance Framework outcomes of reducing poverty, homelessness, improving health and development in rural settings.
- JRF joined with 29 other organisations as part of a new collaboration, the [Everyone Home](#) collective, alongside Heriot Watt University, to campaign in Scotland for: no return to rough sleeping; no evictions into homelessness, and more social homes. We have been invited to be a learning partner, supporting a strategic delivery partnership seeking to deliver new models to ensure that those with 'no recourse' can access safe, secure accommodation.

During the first few months of the pandemic in 2020, we identified a goal and four objectives to focus on in our specific response to the changed situation. We have carried out a rapid assessment of success against these objectives, summarised below.

**Goal:** Public and political focus on people in poverty is maintained under the new UK Government in the context of COVID-19, helping achieve a significant, practical and positive response to poverty in the aftermath.

OBJECTIVE	ASSESSMENT	DETAIL
Support partner organisations.	Met	<ul style="list-style-type: none"> <li>• Funded 14. Total spend of over £750,000 in 2020.</li> <li>• Mainly providing support for people on low incomes and supporting them to keep advocating. Most organisations funded are long-term participation partners for JRF, part of a strategy to amplify voices of people with direct experience of poverty and work with them in our own solutions and advocacy.</li> </ul>
Understand real-time impact of COVID-19 poverty.	Met	<ul style="list-style-type: none"> <li>• Published monitoring reports integrating official pre-COVID data, new data sources during the pandemic and lived experience.</li> <li>• Amended commissioned work to include coronavirus related material.</li> <li>• Carried out four polls generating real-time insights into people's financial situation and beyond.</li> </ul>
Advocate for policy changes to protect people from poverty during the outbreak and in its aftermath.	Met	<ul style="list-style-type: none"> <li>• Carried out social security policy campaigns in the UK and Scotland.</li> <li>• Advocated for improved employment and housing policies aimed at protecting people on low incomes during the pandemic and creating positive change after it.</li> </ul>
Develop proposals for recovery.	Partially met	<ul style="list-style-type: none"> <li>• Produced economic briefings and webinars with analysis and solutions aimed at creating a recovery that loosens the grip of poverty, including proposals on job security, housing, levelling up and social security.</li> <li>• Other elements of work progressed more slowly as recovery estimated to be starting in 2021.</li> </ul>

The Joseph Rowntree Housing Trust (JRHT) was founded in 1904 and for much of the time since then has been an unincorporated charitable trust. JRHT is a subsidiary of the Joseph Rowntree Foundation (JRF).

In 2020 JRHT became a Community Benefit Society (CBS). JRHT has an autonomous Board, that sits within the JRF-JRHT Group.

JRHT is a Registered Provider with the Regulator of Social Housing, and Registered Care Provider with The Care Quality Commission.

JRHT has 2,585 homes across a range of tenures for residents with varying levels of housing and support needs in York, Leeds, Scarborough, North Yorkshire, and Hartlepool:

- 1,232 are general needs homes, let at social housing rents.
- 358 are supported housing and housing for older people.
- 446 are low-cost homeownership (which includes shared ownership general needs, sheltered and extra care).
- 221 are leasehold schemes for the elderly (155) and extra care leasehold (66).
- There are 133 beds in our residential care homes and 195 properties/beds at Hartrigg Oaks.

In addition, we also have:

- Management of 43 Units in two leasehold schemes (Willow bank and Quaker House).
- Ownership of 16 commercial properties (includes two farms).
- Ownership of 4 units used as scheme managers' accommodation.

JRHT shares a vision with JRF for a prosperous UK without poverty – together we want to see change that will enable everyone to have a decent home in a good place with a good living standard and prospects. JRHT's mission is to build strong and empowered communities without poverty or isolation.

JRHT aims for effective governance where staff are empowered to put value for money at the centre of everything they do with core values that seek to build trust, make a difference and show we care.



## PERFORMANCE AGAINST JRHT'S FOUR OUTCOMES IS SET OUT BELOW



### MORE PEOPLE ARE INDEPENDENT AND WELL

- Staff at New Lodge got creative to ensure residents felt well supported and part of the JRHT community during lockdown. **Doorstep deliveries** was an initiative where staff visited the front doors of residents, keeping people involved in activities whilst adhering to strict social distancing and PPE rules. Activities included bingo, quizzes, musical recitals from staff members and the 'New Lodge trolley' providing residents with a range of foodie feast from afternoon tea to ice-cream Sundays. The National Care Forum shared this great work as part of their national advent calendar.
- During 2020, the York Committee (which is funded by JRF, but managed by JRHT) awarded a total of **23 grants** to the value of **£104,993**, supporting activities and services being delivered within 10 of the most deprived wards in York and Hartlepool. We worked with grant recipients, giving flexibility in their grants, to enable vital work to continue in a safe way, during the pandemic.



### MORE PEOPLE CAN IMPROVE THEIR PROSPECTS

- JRHT is currently the only care provider in the region to offer trainee nurse associate (TNA) **apprenticeship programmes**. In 2020, one of our TNAs wrote a blog outlining his journey which was published via the Nursing and Midwifery Council national newsletter (circulated to over 750,000 registrants).
- In 2020, the **JRHT Money and Benefits Advisor** supported residents to obtain £600,836 in cumulative annualised benefits that households were entitled to as well as securing backdated benefits totalling £85,749.
- **Funded by JRF, the Hartlepool Action Lab** is working with organisations across Hartlepool to enable residents and people living within those communities to improve their prospects through education, training, volunteering, and employment opportunities. A further new initiative is '**Design for Collaboration**'. This will bring together a group of people across voluntary and public sectors who are open to thinking and working in new ways, creating a cohort of good collaborators in the town. An initial focus for the improved collaboration will be to consider how best to re-adjust systems to meet the needs of those cut adrift by poverty,



homelessness and addiction.

### **MORE PEOPLE ARE SHAPING OUR COMMUNITIES**

- JRHT has a range of **empowerment and engagement** opportunities for tenants and residents. In 2020, some groups were hampered by the pandemic, but many tenants still participated online in **Tenants Voice, residents'** meetings and conversations with the Executive Director.
- **JRHT and Hartrigg Oaks Residents Committee** reviewed and updated the terms of reference for the Hartrigg Oaks Management Committee and developed a new Memorandum of Understanding.
- Tenants and residents are now routinely involved in JRHT staff **recruitment panels** adding a crucial voice to the process.
- We know that catering is about more than just food – so our catering teams carried out **surveys and gathered feedback** from their customers in order to improve the service and experience that they deliver.
- In September 2020, JRHT launched a **public consultation** about our proposed plans to build 117 new and affordable homes at Willowbank within New Earswick. The key focus was to gather invaluable feedback and insights from residents, the local community and staff as well as key stakeholders.



### **MORE PEOPLE LIVE IN A DECENT AFFORDABLE HOME (shared with JRF)**

- JRHT's work on providing **1,000 homes** over the next ten years took a step forward in 2020 with the Willowbank planning application. It is also actively sourcing sites and land on which to build new affordable homes.
- By providing an accessible and effective repairs, maintenance and modernisation service JRHT can ensure that all of its homes meet the **decent homes standard**. The financial requirements to ensure that properties are maintained to a good standard are built into its long-term (thirty-year) financial plan.
- JRHT continues to make **Shared Ownership** part of our housing 'offer'.
- New Lodge and the JRHT Development team celebrated their success at the '**International Interior Design Awards 2020**', by winning in the 'Healthcare Interior Built' category.

# The role of social investments

Since 2015, 5% (currently £20 million) of JRF's endowment has been allocated to fund social investment. By 2020, JRF had committed £13 million across 26 investments.

Our social investments are a mix of direct and fund investments, supporting organisations that are operating in areas which align with JRF's overarching charitable mission. Social investments are expected to deliver a financial as well as a social return. However, the overriding purpose of the commitments is to contribute towards the achievement of JRF's charitable purposes.

In 2020, JRF was actively engaged in the following 24 investments (having exited or written-off its investment in two others).

## AFFORDABLE HOUSING

### **Ashley Community Housing (ACH) - £200,000**

ACH provides a resettlement service for refugees in the West of England and the West Midlands. It helps its tenants by providing supportive housing and a training course comprising language, culture, health, and personal finance training. JRF has committed funding for ACH to purchase houses in Birmingham to rent to refugees.

### **Funding Affordable Homes (FAH) - £500,000**

FAH is a fund launched in 2015 investing in general needs and specialist affordable housing in the UK. The fund has deployed over £147 million of capital across 11 projects.

### **Hartlepool Housing Heroes - £75,000**

The Housing Heroes project, run by Hartlepool NDC Trust in partnership with JRHT and the Hartlepool Action Lab, purchases properties for young care leavers to refurbish and move in to, and supports the young people's transition to adulthood.

### **London Community Land Trust (LCLT) - £100,000**

London CLT works with teams of local residents to create permanently affordable homes that are priced according to local income and are owned by local people.

### **National Homelessness Property Fund (NHPF) - £500,000**

NHPF provides move-on accommodation for people at risk of homelessness. The fund has purchased homes in Oxford, Bristol, and Milton Keynes, and works with St Mungo's to support tenants so that they can transition into the private rented sector.

### **Social and Sustainable Housing (SASH) - £1,000,000**

The SASH fund provides flexible loans to small and medium sized charities across the UK to finance the purchase of housing for the support of disadvantaged clients.

**York Refugee Housing - £500,000**

This investment is for the purchase of up to three homes for refugees in York. The properties are to provide housing for the most vulnerable, such as those with disabilities, who would otherwise struggle to access suitable accommodation.

**BETTER JOBS****Glasgow Together - £250,000**

Glasgow Together has created employment opportunities for ex-offenders in the construction sector by building new affordable homes and bringing empty properties back into use.

**RefuAid - £210,000**

RefuAid helps those with refugee status access language tuition, education, finance, and employment. Its Access Loan scheme provides support by offering interest free loans of up to £10,000 for refugees to pay for UK accreditation, requalification, or training, thereby facilitating people's return to employment in their professional fields.

**Resolution Foundation (Workertech) - £150,000**

The Resolution Foundation's Workertech Partnership seeks to finance and support new social ventures that are seeking to use technology to improve the prospects of workers in the UK.

**Timewise - £250,000**

Timewise is a social consultancy working to unlock the flexible jobs market in the UK to enable those who need flexibility to find good quality jobs. By tackling the lack of decent flexible work Timewise aims to reduce in-work poverty and gender inequality.

**SOCIAL IMPACT FUNDS****Big Issue Invest Social Enterprise Investment Fund II (SEIF II) - £500,000**

SEIF II is a fund that invests in social enterprises and charities with sustainable business models. The fund has invested in organisations operating in areas such as social care, early years education, financial inclusion, mental health and employment.

**Bridges Evergreen Holdings - £500,000**

Bridges Evergreen makes long-term investments in for-profit organisations with a clear social mission. Bridges Evergreen has invested in four organisations operating across impact areas including fuel poverty, affordable housing, healthcare for the elderly, and care for young people with complex needs.

**Fair by Design - £3,000,000**

Fair by Design is a fund set up by JRF and Big Society Capital in 2015 with initial capital of £10 million to invest in early-stage ventures that find fairer ways to serve low-income consumers. Research has demonstrated that low-income households can pay more for goods and services, such as access to credit and

utilities: this is known as the poverty premium. Through its venture investments, Fair by Design is tackling the poverty premium in key sectors such as financial services, energy, transport, and food/household goods.

#### **Mustard Seed - £500,000**

JRF has invested in a managed account, run by Mustard Seed, which invests in for-profit social purpose enterprises.

#### **North East Social Investment Fund (NESIF) - £500,000**

NESIF is a fund that supports charities and social enterprises across the North East of England. Investments are made with the aim of increasing or protecting an organisation's ability to deliver social impact. The fund has invested £6 million in 28 organisations across impact areas including job creation, alleviating homelessness, social care and mental health.

### **FINANCIAL INCLUSION**

#### **Bristol Credit Union - £350,000**

Bristol Credit Union is a community credit union committed to serving Bristol, Bath, and surrounding areas. JRF committed funding to Bristol Credit Union to help it generate further economies of scale and deliver greater social impact.

#### **Fair Finance - £135,000**

Fair Finance provides microlending and financial advice to individuals excluded from mainstream banking. It provides a lower-cost alternative to high-cost short-term lenders and is particularly focused on serving areas of high need in London.

#### **Fair For You - £500,000**

Fair For You offers loans for the purchase of white goods and other essential household goods as an alternative to the high-cost rent-to-buy models. This enables low-income and vulnerable consumers to benefit from the provision of flexible, low-cost credit to meet their household needs.

#### **Five Lamps - £500,000**

Five Lamps is a microlender based in the North East of England providing low-cost flexible loans. Five Lamps helps its clients avoid reliance on high-cost debt and develop positive credit histories.

#### **Leeds City Credit Union - £250,000**

Leeds City Credit Union is one of the largest credit unions in the UK, providing financial services including instant savings accounts and access to affordable credit.

#### **Moneyline - £500,000**

Moneyline is a personal loan provider operating through a network of branches in the North of England and South Wales, as well as an active telephone and online lending service. It serves the lowest-income households in the UK by offering credit at a lower cost than commercial providers, as well as small-sum savings accounts.



## SPECIALIST

### **Nottinghamshire YMCA - £500,000**

Nottinghamshire YMCA is the largest YMCA in the midlands, with services including supported housing, residential care for children, health and fitness, and support programmes for children and families. JRF has committed funding for its development of a Community and Activity Village in Newark and Sherwood. The project seeks to tackle root causes of underlying social and health problems to provide better opportunities for young people from deprived backgrounds, while also creating 137 new jobs in an economically disadvantaged area.

### **Shared Lives Investments - £350,000**

Shared Lives Investments is a fund launched in 2015 as a proof of concept to help expand Shared Lives care in England, enabling a greater number and variety of vulnerable adults to access high-quality community care.



# Risk

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The Trustees of JRF are responsible for setting the risk appetite of the Group, with input from the JRHT board. All staff have a responsibility to identify and manage risk throughout the Group. The Risk Management Strategy is updated and approved by Trustees annually. It is the responsibility of the executive to identify the corporate risks, which are reported to the Audit and Risk Committee, and reviewed at monthly directors' meetings. The corporate risks are those which the executive collectively monitors.

Each risk is assessed for its likelihood and its impact both before and after controls ('inherent risk' and 'residual risk'). Controls are identified together with responsibility for management of each risk. Where necessary, actions to improve the management of the risks are identified.

A specific risk register containing the risks relating to the Exit from the EU was in operation throughout 2020. It was monitored by a cross-

departmental working group reporting into the Director of Corporate Services as needed. This risk register was archived, and risks absorbed into operational risk registers once a trade deal was confirmed in December 2020.

A specific risk register for the coronavirus pandemic was also established at the height of the first wave of the pandemic and was overseen by the Incident Response Team and leadership teams. This too was absorbed into operational level risk registers so that risks could be managed at the right level alongside business-as-usual activity and existing risks.

The Group has identified the following principal risks which are detailed in a corporate risk register shared between JRF and JRHT. Trustees have considered the risks to which the organisation is exposed and have taken appropriate steps to mitigate these risks, as described.

RISK		MITIGATION	
REPUTATION			
Risk to the credibility of, and trust in, the organisation.		Strategic and business plans ensure that our activity is strongly aligned to our vision and outcomes. We have close relationship management with our stakeholders. Risks arising from JRHT activity are reported to the JRHT board by the executive director.	
COMPLIANCE AND REGULATION			
Failure to comply with any regulators' requirements.		Regulatory requirements are tracked, and regulators notified where needed. Dedicated compliance roles are established. Actions arising from inspections and audits are tracked and monitored, with progress regularly reported to relevant leadership team and committee.	
Failure to adequately comply with GDPR, other UK laws, sector specific regulations and contracts relating to data and technology.		Information governance and security policies are in place. A dedicated Information Security Manager is supported by other sector specific compliance managers. Information Asset registers have been reviewed and updated into a Record of Processing Activities which includes the legal basis for processing. We have retention policies in place and compulsory data protection training for staff.	
OPERATIONAL/SERVICE DELIVERY			
Operations disrupted by external factors beyond our control. Lack of readiness when outages or emergencies occur.		A corporate emergency protocol is in place with local disaster recovery and business continuity plans developed at department and operational level. Systems and processes were successfully tested and operational during the coronavirus crisis.	
FINANCE			
Pension risk - cost of defined contributions pension deficit payments increase as a result of significantly lower investment returns globally, increase in liabilities and reduction in the value of assets.		Our defined benefits scheme is now closed and we only have defined contributions pensions available. Briefing and training has been provided to Resources Committee and we have specialist pension advisers in place.	



RISK	MITIGATION
<b>PEOPLE AND CULTURE</b>	
<p>Risk to the mental and emotional wellbeing of, particularly frontline staff, during, and in the aftermath of, the COVID-19 pandemic.</p>	<p>We regularly monitor staff absences. We communicate to staff advising of help available to support health and wellbeing. A Listening Ears group was established for reactive staff support during the pandemic and a proactive outbound calling group is in place should there be incidents at particular settings. The whole group is being engaged in a programme aimed at reflecting on the impact of the pandemic and what we need to consider as part of the recovery process.</p>
<b>INVESTMENTS</b>	
<p>Investments fail to deliver the Total Return that is required to meet JRF financial objectives, including returns and portfolio valuations poor enough to erode the 'real' value of the endowment.</p>	<p>Our Investment Committee is informed by independent members and advisers.</p> <p>We have an Investment policy with an emphasis on real assets.</p> <p>A review of asset allocations is undertaken annually with a more strategic review every four to five years.</p> <p>A financial planning mechanism has been established to guide the level of drawdowns without eroding the value of the overall endowment.</p> <p>Investments equivalent to three years' expenditure in liquid assets are held.</p> <p>Stress testing of financial plans to extreme conditions is undertaken.</p>
<b>SOCIAL INVESTMENTS</b>	
<p>Failure of a social investment risks loss of our investment in full or part, damage to our reputation with investees and/or partners and failure of an investment to deliver any impact.</p>	<p>An Investment policy is in place with the need to perform risk assessments being a key part of this. The policy is reviewed annually.</p> <p>An impact framework has been agreed by the Social Investment Committee.</p> <p>There is monitoring of investments, both regular and intensive, as needed.</p> <p>Suitably skilled individuals manage the portfolio - a Head of Social Investment supported by an Investment Portfolio Manager and retained external specialist expertise.</p>

# Financial review

## TRUSTEES' POWERS AND RESERVES POLICY

The Trustees have power to spend both income and capital of the JRF parent company. For this entity, there are no restricted or designated reserves and all JRF's capital is regarded as free reserves. The consolidated results do have restricted reserves relating to JRHT.

## OBJECTIVES

The JRF Company Limited by Guarantee's financial objectives are:

- To maintain the level of expenditure on achieving its mission and outcomes.
- To ensure that the value of JRF capital is maintained in real-terms over the long-term.

The Trustees monitor the level of the endowment against the target on a quarterly basis. The endowment's performance against the long-term target is the key factor in determining the sustainable level of spending.

## INVESTMENT POLICY AND STRATEGY

The majority of JRF's (Company Limited by Guarantee) investments are held as financial investments, although Trustees have decided to allocate £20 million of the fund for social investments.

The objective for the financial investments is to maximise the 'total return' over the long-term, subject to not taking undue risk. This 'total return' represents the combination of changes in capital values and income received. Thus, a neutral position is taken as to whether a return is received by way of capital growth or distribution of income: it is the total which is important.

We have determined that investment in real assets, principally equities, represents the most appropriate strategy for meeting JRF's financial and investment objectives. As the chart below shows, equities account

for 83% of the investment portfolio.

Trustees appreciate that this approach will result in short-term volatility in the market value of the portfolio, but it considers that the organisation's financial strength and absence of significant fixed liabilities means that JRF is able to withstand such fluctuations. The Investment Committee reviews the asset allocation policy on at least an annual basis, taking appropriate professional advice.

Although the financial investments are designed to maximise returns, JRF believes strongly in investing our funds responsibly. We define 'responsible investment' as an investment approach which is based on the view that the effective management of environmental, social and governance (ESG) issues is not only the right thing to do but is also fundamental

to creating value. We believe that companies which are successful in avoiding ESG risks and / or capturing ESG opportunities will outperform over the longer-term. This longer-term view is consistent with JRF's investment time horizon.

JRF seeks to incorporate ESG issues fully in its investment activities. We do this by:

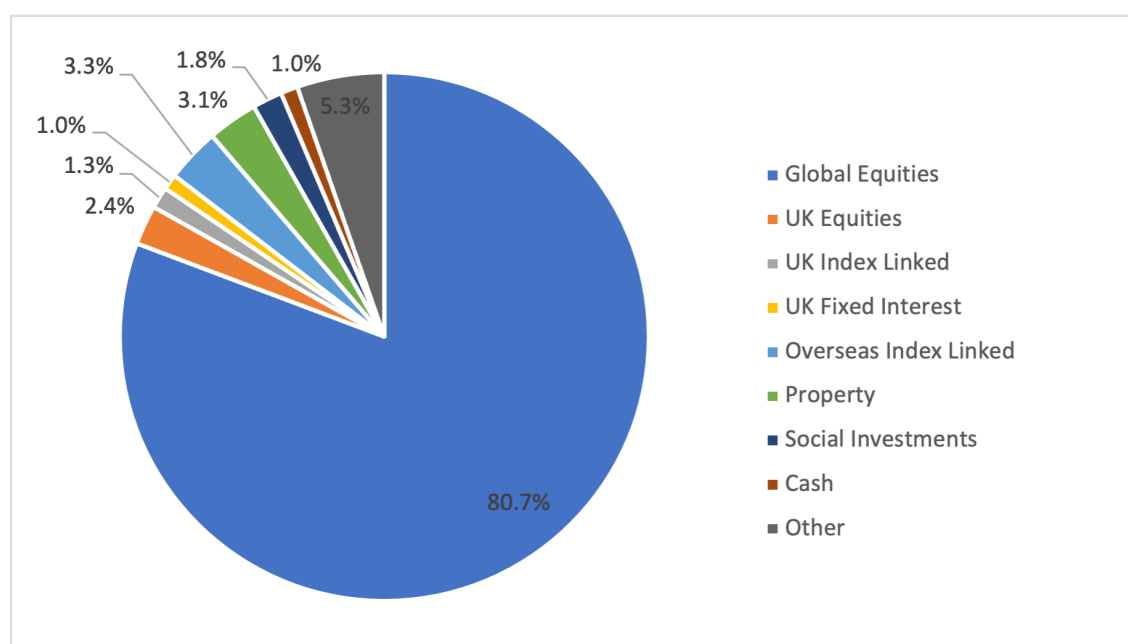
- Including an assessment of the approach to Responsible Investment in the selection of Fund Managers and subsequent monitoring of their performance.
- Authorising Fund Managers to exercise the vote with JRF shares in accordance with agreed policies but subject to an over-ride by JRF in circumstances where there would be a conflict with JRF's charitable

objectives.

- Within available resources, engaging with companies on ESG issues and also those issues which are directly relevant to the strategic priorities and work of JRF. This engagement may be through the Fund Managers or in partnership with other investors. We are members of the Charities Responsible Investment Network.

JRF also follows an ethical investment policy within the overarching theme of Responsible Investment. JRF does not invest in stocks and shares in companies which are significantly associated with the manufacture of armaments, tobacco, brewing and gambling. 'Significant' is defined as 10% of either profits or turnover.

The asset allocation at the end of 2020 was:



## 2020 ACCOUNTS AND FINANCIAL PERFORMANCE

### Balance Sheet

As an endowed foundation, the majority of JRF's reserves are held as investments. Despite the pandemic, the value of these investments increased significantly in 2020. The market shock of February and March, as the implications of the global pandemic started to emerge, was relatively short-lived as governments around the world sought to protect economies with significant stimulus packages.

The Group balance sheet includes JRHT's assets and liabilities which include its housing properties, care homes and other fixed assets.

Group long-term creditors include JRHT's loans (£57 million) and refundable fees (£31 million) associated with Hartrigg Oaks continuing care retirement community.

	GROUP		PARENT	
	2020	2019	2020	2019
	£000	£000	£000	£000
Fixed assets (tangible and intangible)	191,343	188,058	2,723	2,724
Investments (market value)	464,390	443,873	461,364	441,343
Homebuy loans (JRHT)	2,356	2,392	-	-
Net current (liabilities) / assets, excluding pension liabilities	340	(1,069)	(2,438)	(3,422)
Long-term creditors excluding pension liabilities	(100,983)	(95,919)	(334)	(404)
Pension liability	(14,996)	(12,409)	(14,996)	(12,409)
<b>Foundation capital</b>	<b>542,450</b>	<b>524,926</b>	<b>446,319</b>	<b>427,832</b>

The Trustees have agreed that up to £50 million of the investment portfolio should be available to help fund the future development of new affordable housing through its subsidiary JRHT. Some early-stage funding was provided in 2020 for this purpose (circa £0.3 million) with the expectation that more significant drawdowns will be seen over the next two to five years.

The endowment, which is the value of the investment portfolio less

outstanding liabilities, increased from £428 million to £446 million. This is a 4% increase over the year and remains 37% ahead of JRF's internal target. This is the primary key performance indicator for financial performance, although individual investment manager performance is tracked against agreed benchmarks.

A chart showing the long-term performance of the endowment versus the target is provided on the next page:



## STATEMENT OF FINANCIAL ACTIVITIES

The Group Statement of Financial Activities is set out below with JRHT's income and expenditure shown as 'restricted'.

	RESTRICTED	UNRESTRICTED	TOTAL	TOTAL
	2020	2019	2020	2019
	£000	£000	£000	£000
Investment income	167	4,767	4,934	8,101
Housing Trust turnover	24,303	-	24,303	29,129
Other	-	4	4	2
<b>Total income</b>	<b>24,470</b>	<b>4,771</b>	<b>29,241</b>	<b>37,232</b>
Grant commitments	-	(4,818)	(4,818)	(3,176)
Support and governance costs	-	(9,768)	(9,768)	(10,166)
Cost of raising funds	(70)	(3,411)	(3,481)	(6,273)
Housing Trust operating costs	(24,469)	-	(24,469)	(21,591)
<b>Total expenditure</b>	<b>(24,539)</b>	<b>(17,997)</b>	<b>(42,536)</b>	<b>(41,206)</b>
<b>Net expenditure, funded from investments</b>	<b>(69)</b>	<b>(13,226)</b>	<b>(13,295)</b>	<b>(3,974)</b>
Actuarial loss in respect of pension scheme	-	(3,910)	(3,910)	(1,259)
Remeasurement of pension scheme obligations	-	-	-	(195)
<b>Gains / (losses) on investments</b>	<b>435</b>	<b>34,294</b>	<b>34,729</b>	<b>57,759</b>
<b>Net movement in funds</b>	<b>366</b>	<b>17,158</b>	<b>17,524</b>	<b>52,331</b>

The audited financial statements can be found on the JRF website at [www.jrf.org.uk](http://www.jrf.org.uk). The financial statements have also been filed with the Charity Commission.

## PENSIONS

The Group no longer offers a defined benefit pension scheme to staff. JRF (Company Limited by Guarantee) does, however, have legacy members within the defined benefit element of the industry-wide Social Housing Pension Scheme (SHPS) – these are a combination of current staff, deferred members and those who have drawn their pension. At the end of 2020, the fair value of JRF's proportion of

scheme assets relating to this defined benefit scheme had increased to £54.2 million from £47.5 million at the end of the previous year. Over the same period, the actuarial value of scheme liabilities increased from £59.9 million to £69.2 million. The overall impact of these changes was an increase of the pension liability from £12.4 million to £15.0 million.

## CENTRAL SERVICES TEAMS

JRF and JRHT are supported by a number of central teams including Technology and Change, People, Finance, Health and Safety and Facilities, Internal Communications and a Project Management Office. The pandemic required these teams to rapidly adapt their work to meet changing operational requirements. With the health, safety and wellbeing of staff at the heart of their activities, the delivery of internal operations moved online and new communication channels were established for all staff, the latter ensuring that colleagues received support in respect of wellbeing and mental health as well as the creation of new ways for individuals and teams to collaborate.

Despite the pandemic, Central Services teams also continued to progress key strategic and value-for-

money activities which will deliver greater efficiency, effectiveness and economy; including the transformation of the organisational approach to procurement, the implementation of a new intranet and the start of a journey to create an organisational data repository that will allow greater analysis and insight of performance. The teams have also played a key role in developing the comprehensive work to further our organisational EDI (equality, diversity and inclusion) action plans.

Although many of the changes made in 2020 were as a result of the pandemic, it is likely that the move to online internal services and the greater use of technology can be extended further. This will be a key focus area throughout 2021.

## GOING CONCERN

The financial statements show that:

- At the end of 2020, JRF (Company Limited by Guarantee) had investments of £461.4 million compared to its expenditure of £18.5 million (before investment management fees).
- Unrestricted capital reserves increased during the year by £18.5

million to £446.3m.

- The vast majority of the investment portfolio (83%) is invested in global equities. As such, these funds are relatively easy to access.

- JRF (Company Limited by Guarantee) has no debt.

JRF's (Company Limited by

Guarantee) current liabilities at the end of 2020 exceeded its current assets by £2.4 million. Funds in excess £10 million were, however, available at one day's notice within its money market fund account. These funds are categorised as investments within fixed assets.

In December 2020, JRF's Trustees formally approved the charity's budget for 2021. Separately, the amount of cash required to fund activities over the year was calculated and arrangements put in place to liquidate investments. Provisional calculations have also been prepared for 2022 to ensure there is sufficient liquidity within the portfolio. The arrangements with investment managers allow the amounts scheduled to be drawn down to be reduced or increased at short notice should cash requirements change.

Despite JRF's significant investment holdings, management has:

- produced a stressed cash-flow forecast to test that, in all situations, JRF will have access to sufficient liquid funds to meet its commitments; and
- satisfied itself that it will continue to be possible to draw funds down from its investment portfolio even in a stressed scenario.

Given the continued challenges associated with recovering from COVID-19 particularly in the care home sector, JRHT undertook its own scenario analysis to understand the financial impacts of adverse changes in the external and internal environment. Each test was repeated with incrementally more extreme assumptions to establish the point at which:

- cash would run out; and / or
- covenants with banks would be broken.

Even in what could be considered a worst-case scenario cash remains available and covenants are not breached.

JRHT has unused borrowing facilities of £19.5 million. £15 million of this relates to a loan facility with JRF and this is detailed in the related party transactions note to the accounts.

Based on the above, Trustees are of the opinion that the Group has adequate resources to continue to operate without disruption for the foreseeable future, this being until at least 31 December 2022. As such, it is appropriate to adopt a going concern basis for the 2020 financial statements.



# Plans for the future

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Our new Group CEO has now set out his plans as follows for a new strategy for 2022 onwards. We believe that JRF's role as a 'social change organisation' includes three elements, alongside the vital work of the Joseph Rowntree Housing Trust in providing services:

- Deepening knowledge and shaping national policy: the Joseph Rowntree Foundation should be an authoritative voice on the nature, extent and causes of poverty in the UK in the 21st century. But, we have never aimed merely to understand poverty; our role has always been to solve it. Creative, ground-breaking policy development is a key part of our role as a social change organisation. In the years ahead, we must aim to combine superb research and analysis with bold policy design – deepening knowledge in our areas of expertise, while challenging and supporting policy-makers to make urgent and clear progress towards solving poverty.
- Creating solutions through innovation: we need to show the world that change is not just necessary but that it is possible. In the words of Buckminster Fuller “You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete.” To achieve this, we will need to work with other agents of change including local government, public services, employer, NGOs, foundations and community groups. We need to identify the hopeful visionaries, often far out of sight of Westminster, who are already building promising new models to tackle some of our most

urgent and complex challenges and help to create momentum around them. We need to show what 'inclusive growth' looks like – not just on a page, but in communities. This is hard and messy work. It requires tenacity and humility. It involves trial and error. It is a long haul. But there are many partners out there for us to work with and the urgency to solve chronic social problems has rarely been more apparent.

- Shifting public and political will: finally, we need to build the public and political will to create more demand for change at every level. We have seen this year a renewed, compassionate focus on what it means to be a just society, and a recognition that many people, trapped by poverty, deserve a better deal than they have been getting. As a social change organisation, we have a responsibility to build on this, and shape a consensus that solving poverty is both right and possible.

All of this must be shaped by people experiencing poverty now. Nobody understands better the challenges of living in poverty; nobody knows better where the solutions might lie; nobody can give better voice to the need for change. Our analysis and research must be grounded in the day-to-day experience of those living in poverty. Creative solutions to poverty cannot be 'our' solutions: they must be solutions developed with people with lived experience. We must work with people living in poverty to amplify their voice to influence public and political will. Just as in our community services – including housing and care



– the tenant or resident voice should be the driving force of our work.

In JRHT, the key focus areas are:

### **Strategy**

Deciding between different options for the future strategic mission and role of JRHT and to understand how we make real the Joseph Rowntree vision of building 'self-governing' communities in the 21st century.

### **Care financial sustainability**

To establish an understanding of the medium-term financial sustainability of different care service models, based on current costs and wider, changing national and local 'market' context.

### **Development**

Implementation of the Development Strategy.

### **Social Housing White Paper**

To continue to strengthen the approach to tenant engagement, including responding to the Social Housing White Paper.

### **Decarbonisation**

To meet 'net-zero-carbon' target by 2050, social housing providers must attain a C rating on Energy Performance Certificates by 2030.

### **Day to day operations**

Day to day delivery of housing and care services and ongoing operational and performance development through continuous improvement.



# Carbon emissions

Disclosures required under the Streamlined Energy and Reporting (SECR) legislation are set out below. These include all subsidiaries.

	MEASURE
Total UK energy use	11,086 MWh
Total carbon emissions	2,205 tonnes
Intensity ratio 2020 1 (property)	0.904 tonne per property
Intensity ratio 2020 2 (communal)	2.94 tonne

The breakdown of carbon emissions is as follows:

	ACTIVITY	ANNUAL KWH	ANNUAL CO <sup>2E</sup>
<b>Scope 1 (sources which are owned and controlled by JRF and JRHT)</b>			
	Gas (CNG)	8,235,791.17	1,514.31
	Vehicles	185,380.65	47.04
	Renewable Generation	86,236.50	0
	<b>Total</b>		<b>1,561.35</b>
<b>Scope 2 (indirect emissions associated with the purchase of energy)</b>			
	Electricity	2,417,562.21	561.00
	Electricity From PV	46,007.50	0
	<b>Total</b>		<b>561.00</b>
<b>Scope 3 (indirect emissions within the value chain)</b>			
	Working from Home	191,461.78	44.64
	Transmission and Distribution	2,406,284	48.25
	<b>Total</b>		<b>92.89</b>
<b>Gross Emissions</b>		<b>11,064,435.82</b>	<b>2,215.12</b>
<b>Exported</b>	<b>Renewables</b>	<b>40,229.00</b>	<b>9.38</b>
	<b>Total</b>	<b>Metric Tonnes</b>	<b>2,205.74</b>

### **Key environmental impacts**

The primary factor is the combustion of gas for heating purposes across the estate. The vehicle fleet was responsible for less than 2% of the total annual emissions for the Group.

In 2020, JRHT delivered the UK case study for the EU funded Zero Plus project <http://www.zeroplus.org/>. The case study approach for JRHT as the UK partner involved the delivery of an upgraded specification to new build properties, including the installation of 4 x PV systems and 3 x Tesla Powerwall home battery systems to maximise the use of renewable electricity generated from the homes.

2021 priorities include:

- taking the opportunity to build environmental and sustainability considerations into our broader organisational strategy
- improving the quality of data to support SECR disclosures.

### **Quantification and reporting methodology**

In preparing this first SECR report, the Group has followed the 2019 UK Government Environmental Reporting Guidelines to include Streamlined Energy and Carbon Reporting Guidance.

The information used was gathered from energy bills from the current supplier for the fuel type specified.

Where only unaligned estimated meter readings were available, the consumption for the period was determined by dividing the number of units by the billing period and multiplying by the period for the data collection. This figure was checked for accuracy to consider additional seasonal use where data was not available and ensure the estimates were an accurate reflection of the actual consumption.

Some aspects of the GHG Protocol Value Chain (Scope 3) have also reported although we are not yet able to report on all categories that may be relevant. UK Government GHG Conversion Factors for Company Reporting (2020) have been used.

### **Organisational boundary**

The Group has reported on all sources of environmental impact over which it has financial control. An organisation has financial control over an operation if it has the ability to direct the financial and operating policies of the operation with a view to gaining economic benefits from its activities. Activity of the whole Group is included in the SECR reporting.



## SECTION 172(1) STATEMENT

As directors of a large company limited by guarantee, registered as a charity, the Trustees are required to report how they have performed their duty under section 172(1) ("s.172(1)") of the Companies Act 2006. This provides that (for charitable companies where the purpose of the company is something other than the benefit of its members), the Trustees must act in the way they consider, in good faith, would be most likely to achieve its charitable purposes specifically, they must have regard (amongst other matters) to the factors (contained in s172(1) (a) to (f)) and set out in the table below:

MEASURE	
a) the likely consequences of any decision in the long term;	With direct involvement of the Trustees, the Group develops long-term plans which focus on the charitable objectives of the organisation. These are translated into shorter-term strategic and operational plans. Decisions are anchored to these plans to ensure that these contribute to the overall charitable objectives.
b) the interests of the Trust's employees;	The Trustees have due regard to the interests of employees underpinned by a set of values and expected behaviours. Regular staff surveys are undertaken and the results cascaded across the organisation. Colleagues are directly involved in developing action plans. Investment is made in colleague learning and development as well as supporting colleague support groups. Pay awards are benchmarked externally each year and Trustees are directly involved in this decision making.
c) the need to foster the organisation's business relationships with suppliers, customers and others;	A key focus of JRF is delivering its work in collaboration with partners with similar objectives. For JRHT, its 'customers' are primarily service users including tenants and residents of its homes. Feedback from tenants and residents is captured and acted upon. Relationships are held with key suppliers through the Group's approach to contract management.
d) the impact on the organisation's operations on the community and the environment;	The Group seeks to achieve a prosperous UK without poverty. JRF delivers this through its programmes of outcomes-focussed initiatives and JRHT through delivery of housing and care services.  The Group is cognisant of its impact on the environment as set out in its carbon emissions statement.
e) the desirability of the organisation maintaining a reputation for high standards of business conduct; and	The Group adopts the highest corporate governance standards complying with relevant legislation and codes that are applicable at the time. JRHT is also subject to the Regulator of Social Housing's standards. In April 2021, the regulator advised that it had rated JRHT's governance as G1 – the highest rating possible.
f) the need to act fairly as between members of the organisation.	As a company limited by guarantee, JRF has no members. In JRHT, the directors are the only members. Notwithstanding this, the governance structure and associated strategy ensures there is fairness across the Group for those that benefit from the charitable activities of both material legal entities.

# TRUSTEES' STATEMENT OF RESPONSIBILITY

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

The Charities Act 2011 requires the Trustees to prepare financial statements for each financial year. The Trustees have to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 then apply them consistently.
- Make judgments 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. They must 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 deed. 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.

## Approval

This report and, specifically, the strategic report has been approved by the Board of Trustees and is signed on behalf of Trustees by the Chair on 29 July 2021.

*Will Haire*

**Will Haire (Chair of Trustees)**

**29 July 2021**

# Independent auditor's report to the members and trustees of Joseph Rowntree Foundation

## Opinion

We have audited the financial statements of Joseph Rowntree Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2020, which comprise the Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement 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 group's and parent charitable company's affairs as at 31 December 2020 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Charities Act 2011.

## Basis for opinion

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. 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 group and the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.

In our evaluation of the trustees' conclusions, we considered the inherent risks associated with the group's and parent charitable company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the group's and parent charitable company's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the trustees with respect to going concern are described in the 'Responsibilities of trustees for the financial statements' section of this report.



### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report<sup>1</sup>, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Directors' Report, prepared for the purpose of company law, included in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report included in the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included in the Trustees' Annual Report.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of the trustees for the financial statements**

As explained more fully in the Trustees' Statement of Responsibility set out on page 45, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK)

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Charity, and the sector in which it operates. We determined that the following laws and regulations were most significant; financial reporting legislation (Charities SORP (FRS 102), United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102, Companies Act 2006 and Charities Act 2011), and the Charity Commission Code of Governance. The engagement team remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We understood how the Charity is complying with these legal and regulatory frameworks by making inquiries of management, internal audit, and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes and papers provided to the Audit and risk committee, and through our legal and professional expenses review.
- To assess the potential risks of material misstatement, including how a fraud might occur, we obtained an understanding of:
  - The Charity's operations, including the nature of its sources of income, expected financial statement disclosures and risks that may result in risk of material misstatement; and
  - The Charity's control environment including the adequacy of procedures for authorisation of transactions
- Audit procedures performed by the engagement team included:
  - Evaluating the processes and controls established to address the risks related to irregularities and fraud;
  - Testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
  - Challenging assumptions and judgements made by management in its significant accounting estimates;
  - Identifying and testing related party transactions; and
  - Completion of audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud, or non-compliance with laws and regulations throughout the audit.

- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the sector in which the Charity operates in and their practical experience through training and participation with audit engagements of a similar nature. All team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of companies of a similar size and complexity, appropriate to their role within the team.
- From the procedures performed we did not identify any material matters relating to non-compliance with laws and regulation or matters in relation to fraud.

#### **Use of our report**

This report is made solely to the charitable company's members and trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and 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 charitable company and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Deborah Watson BSc (Hons) FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leeds  
4/8/2021

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**for the year ended 31 December 2020**

	Note	Restricted £'000	Unrestricted £'000	2020 Total £'000	2019 Total £'000
<b>INCOME AND ENDOWMENTS FROM:</b>					
Investments	1	167	4,767	4,934	8,101
Charitable Activities					
Housing Trust turnover	9	24,303	-	24,303	29,129
Other income	2	-	4	4	2
<b>TOTAL INCOME</b>		<b>24,470</b>	<b>4,771</b>	<b>29,241</b>	<b>37,232</b>
<b>EXPENDITURE ON:</b>					
Raising funds - investment management	3	(70)	(3,411)	(3,481)	(6,273)
Charitable activities					
Grant commitments	4	-	(4,818)	(4,818)	(3,176)
Support and governance costs	5	-	(9,768)	(9,768)	(10,166)
Housing Trust operating costs	9	(24,469)	-	(24,469)	(21,591)
<b>TOTAL EXPENDITURE BEFORE INVESTMENT MOVEMENTS</b>		<b>(24,539)</b>	<b>(17,997)</b>	<b>(42,536)</b>	<b>(41,206)</b>
<b>NET EXPENDITURE BEFORE INVESTMENT MOVEMENTS</b>		<b>(69)</b>	<b>(13,226)</b>	<b>(13,295)</b>	<b>(3,974)</b>
<b>Other Comprehensive income</b>					
Actuarial Loss in respect of Social Housing Pension Scheme	8	-	(3,910)	(3,910)	(1,259)
Re-measurement of Social Housing Pension obligation	8	-	-	-	(195)
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>(3,910)</b>	<b>(3,910)</b>	<b>(1,454)</b>
<b>Investment Movements</b>					
Gain on Quoted Investments	13	-	27,941	27,941	56,355
Gain/(Loss) on Other Investments	13	-	6,453	6,453	(1,020)
Gain/ (Loss) on Directly Managed Investment Properties	13	435	(100)	335	2,424
<b>TOTAL INVESTMENT MOVEMENTS</b>		<b>435</b>	<b>34,294</b>	<b>34,729</b>	<b>57,759</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>366</b>	<b>17,158</b>	<b>17,524</b>	<b>52,331</b>
Total Funds brought forward at 1 January		96,761	428,165	524,926	472,595
<b>TOTAL FUNDS CARRIED FORWARD AT 31 DECEMBER</b>		<b>97,127</b>	<b>445,323</b>	<b>542,450</b>	<b>524,926</b>

The Statement of Financial Activities includes all gains and losses recognised in the period. All income and expenditure derives from continuing activities.

**Joseph Rowntree Foundation**  
**Registered Charity**

**BALANCE SHEET**  
**as at 31 December 2020**

		Group		Parent	
	Note	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Fixed Assets</b>					
Tangible Assets	10	191,065	187,824	2,445	2,490
Intangible Assets	11	278	234	278	234
Homebuy Loans	12	2,356	2,392	-	-
Investments	13	464,390	443,873	461,364	441,343
		658,089	634,323	464,087	444,067
<b>Current Assets</b>					
Properties held for sale	14	793	944	-	-
Stock		84	93	-	-
Debtors	15	1,889	2,937	516	920
Cash and Cash Equivalents		5,645	4,879	2,154	782
		8,411	8,853	2,670	1,702
<b>Current Liabilities</b>					
Creditors: Amounts falling due within one year	16	(8,071)	(9,922)	(5,108)	(5,124)
<b>Net Current Assets/(Liabilities)</b>		340	(1,069)	(2,438)	(3,422)
<b>Total Assets Less Current Liabilities</b>		658,429	633,254	461,649	440,645
<b>Creditors: Amounts falling due after more than one year</b>					
	17	(100,983)	(95,919)	(334)	(404)
<b>Net Pensions Liability</b>	8	(14,996)	(12,409)	(14,996)	(12,409)
		542,450	524,926	446,319	427,832
<b>Funds</b>					
Restricted Funds		97,127	96,761	-	-
Unrestricted Foundation Capital		445,323	428,165	446,319	427,832
Total Funds		542,450	524,926	446,319	427,832

The Financial Statements were approved by the Board of Trustees and signed on its behalf by the Chair on 29 July 2021.

**Chair of the Trustees**

*Will Haire*

Will Haire

**STATEMENT OF CASH FLOWS**  
**for the year ended 31 December 2020**

		2020		2019	
	Note	£'000	£'000	£'000	£'000
<b>Net cash outflow from operating activities</b>	19		(10,034)		(8,993)
<b>Cash flows from investing activities</b>					
Interest received		54		79	
Purchase of other fixed assets		(6,213)		(16,285)	
Disposal of other fixed assets		2,244		3,453	
Homebuy Loans redeemed		36		128	
Purchase of quoted investments		(168,355)		(69,880)	
Sale of quoted investments		187,307		71,061	
Purchase of investment properties		-		(40)	
Sale of investment properties		-		1,461	
Purchase of other investments		(24,588)		(4,709)	
Sale of other investments		15,386		6,661	
Disposals of property in the course of construction		-		2,724	
Social housing grant received		-		1,395	
			5,871		(3,952)
<b>Cash flows from Financing activities</b>					
Interest paid		(2,262)		(2,173)	
Taxation		(1)		(27)	
Increase in Capitalised community fees		373		446	
Increase in Hartrigg Oaks residence fees		1,085		2,895	
Increase in bank loans		1,484		2,087	
Bonds and loan stock repaid		(212)		(459)	
			467		2,769
<b>Management of liquid resources</b>					
Decrease in cash held for investment			4,462		4,450
<b>Net change in cash and cash equivalents</b>			766		(5,726)
<b>Cash and cash equivalents at 1 January</b>			4,879		10,605
<b>Cash and cash equivalents at 31 December</b>			<u>5,645</u>		<u>4,879</u>
<b>Analysis of changes in net debt</b>					
		At 1.1.20 £'000	Cash Flows	At 31.12.20 £'000	
Cash		4,879	766	5,645	
Bank Loans due within one year		(1,016)	998	(18)	
Bank Loans due greater than one year		(54,722)	(2,482)	(57,204)	
Net debt		<u>(50,859)</u>	<u>(718)</u>	<u>(51,577)</u>	



## STATEMENT OF ACCOUNTING POLICIES

### 1 Legal status

Joseph Rowntree Foundation (JRF) is a charity registered with the Charity Commission and was originally formed by a Deed of Foundation. JRF was incorporated as a Company Limited by Guarantee (CLG) on 31 July 2019, but was dormant until 1 January 2020. On 1 January 2020 the assets and liabilities of the previously unincorporated charity were transferred to the new entity under a Charity Commission Scheme and Order and merger accounting applied on incorporation. More detail can be found in the Trustees' Annual Report.

JRF is the parent of a Group comprising the following:

Joseph Rowntree Housing Trust (JRHT) is a charity registered with the Regulator for Social Housing and the Charity Commission. JRHT is a Community Benefit Society and its registered office is The Homestead, 40 Water End, York, YO30 6WP.

Clifton Estate Limited (CEL) is a private company limited by share capital, registered under the Companies Act 2006 and incorporated in England. Its registered office is The Homestead, 40 Water End, York, YO30 6WP. JRF owns 100% of the share capital of CEL.

### 2 Basis of accounting

The Financial Statements of JRF meet the requirements of its Articles of Association and have been prepared under the historic cost convention modified to include the valuation of investments in accordance with applicable accounting standards, the Charities Statement of Recommended Practice effective 1 January 2019, Financial Reporting Standard 102 (FRS 102) and comply with the Charities Act 2011.

JRF is a public benefit entity in accordance with FRS 102.

The Financial Statements are presented in Sterling (£).

### 3 Basis of Consolidation

On 1 January 2020, the assets and liabilities of both the Joseph Rowntree Foundation and the Joseph Rowntree Housing Trust were transferred to new incorporated entities under Charity Schemes and Orders. In addition, the Joseph Rowntree Housing Trust became a subsidiary of the Joseph Rowntree Foundation. Management have elected to prepare the financial statements under merger accounting, such as the financial results are presented as though they have always been consolidated.

As per the Charities Statement of Recommended Practice, a charity combination must be accounted for as a merger if all of the following criteria are met:

- No party to the combination is portrayed as either acquirer or acquiree, either by its governing body or management or by that of another party to the combination.
- All parties to the combination, as represented by the members of the governing body, participate in establishing the management structure of the combined charity and in selecting the management personnel. Such decisions are made on the basis of a consensus between the parties to the combination, rather than by exercising voting rights.
- There is no significant change to the class of beneficiaries of the combining entities or the purpose of the benefits provided as a result of the combination.

The creation of the new group structure met these requirements.

As the charitable parent (JRF) is also a company limited by guarantee, company law requirements are also relevant. It is noted that the use of merger accounting for a charity is only allowed by the Charities SORP (27.4) if it is permitted by the statutory framework. As the statutory framework does not permit merger accounting where there is a third party involved, JRF has taken the true and fair override implicit in the Charities SORP (A3.30A) to prepare the financial statements under the merger accounting basis. This is on the basis that merger accounting reflects the substance of the fact pattern which led to consolidated accounts being required.

**STATEMENT OF ACCOUNTING POLICIES (continued)****3 Basis of Consolidation (continued)**

The consolidated statement of financial activities and balance sheet consolidate the results and financial position of the Charity and its subsidiary undertaking Joseph Rowntree Housing Trust. The other subsidiary, Clifton Estate Limited, has not been consolidated into these financial statements on the basis that its results are immaterial to the Group. Intra-group turnover, surpluses and balances are eliminated fully on consolidation. Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

**4 Fund Accounting**

The JRF endowment is an expendable endowment fund, with no restricted or designated reserves. Trustees have power to spend both income and capital, but have set a financial objective that the level of spending and the value of the endowment should be maintained in real terms. A sustainable level of annual spending is determined to meet this objective by reference to projected total return from the investments and future inflation. The distribution rate for 2020 was 4.6% per annum.

**5 Going Concern**

The Group's activities, current financial position and future plans are set out in the Trustees' Annual Report. All parts of the Group have detailed financial planning processes with appropriate governance to approve plans and budgets.

Cash flow forecasts are prepared covering the current and following year to ensure that cash balances are sufficient to meet planned expenditure.

For JRF, and despite significant investment holdings, management has:-

- produced a stressed cash flow forecast to test that, in all situations, JRF will have access to sufficient liquid funds to meet its commitments; and
- satisfied itself that it will continue to be possible to draw funds down from its investment portfolio even in a stressed scenario.

Separate going concern modelling and cash flow forecasting has been undertaken for JRHT which concluded that even under the most extreme scenario:-

- Cash does not run out.
- Bank covenants continue to be met.
- Only very limited use needs to be made of the JRF loan facility and this is at the end of the two-year stressed period. JRHT does not need to draw funds from the £15m loan facility with JRF.

Although modest in size, Clifton Estate also produces cash flow forecasts including one that shows the position under stressed conditions.

Based on this above, Trustees are of the opinion that the Group has adequate resources to continue to operate without disruption for the foreseeable future, being a period until 31 December 2022. For this reason, JRF continues to adopt the going concern basis in the financial statements.

**6 Significant Management Judgements**

The following are the significant management judgements made in applying the accounting policies of JRF that have the most significant effect on the financial statements:

**Judgements****(i) Timing of grant commitments**

Management estimates the value of grant commitments payable within one year by looking at the average expenditure over previous years and applying this as a percentage to the year end creditor. Since expenditure varies from year to year this represents an estimate of sums due. The liability at 31 December 2020 due within one year was £2,445,000 and more than one year was £334,000.

**STATEMENT OF ACCOUNTING POLICIES (continued)****6 Significant Management Judgements (continued)****Judgements (continued)****(ii) Impairment**

As part of JRHT's continuous review of the performance of assets, management identify any properties or schemes that have increasing void losses, are impacted by policy changes or where the decision has been made to dispose of these properties. These factors are considered to be an indication of impairment.

Where there is an indication of impairment, the assets are written down to the recoverable amount and any impairment losses are charged to operating surpluses.

**(iii) Classification of Loans as Basic**

The group has a number of bank loans, all of which have been classified as basic financial instruments given in section 11 of FRS 102. Certain loans have break clauses which are applicable upon early repayment. These may result in a break cost or a break gain. Management have considered the terms of its loan agreements and concluded that they do meet the definition of a basic financial instrument and are therefore held at amortised cost.

**(iv) Merger Accounting**

As detailed in 3; Basis of Consolidation above management, having reviewed the true and fair override implicit in the Charities SORP, consider it appropriate to prepare the financial statements on a merger accounting basis.

**Estimation Uncertainty**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenditure is provided below. Actual results may be substantially different.

**(i) Useful lives of depreciable assets**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based upon the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and housing property assets are split into different components that are depreciated using different useful economic lives which requires estimation. Group accumulated depreciation at 31 December 2020 was £34,842,000. Parent accumulated depreciation at 31 December 2020 was £2,522,000.

**(ii) Retirement Benefits**

Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates.

As at the year ended 31 December 2020, the net defined benefit liability in respect of SHPS-DB was £14,996,000 which has been recognised in full in the balance sheet. The movement in the Scheme deficit is charged or credited to the actuarial gain or loss reported on the face of the statement of financial activities.

**(iii) Recovery of Social Investment**

Management have included social investments at their book cost or market value (where there is a reliable source) less any provisions and revaluations. For the year ended 31 December 2020, the value of social investments net of new provisions of £132,000 and revaluations in the year of £510,096, was £8,409,000

**STATEMENT OF ACCOUNTING POLICIES (continued)****6 Significant Management Judgements (continued)****Estimation Uncertainty (continued)****(iv) Fair value measurement**

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets including investment properties. This involves developing estimates and assumptions consistent with how market participants would price the instrument or asset. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from actual prices. Fair value measurements have been applied to bonds and loan stock and investment properties. The total values of these at 31 December 2020 were £1,319,000 and £3,198,000 respectively.

**(v) Shared ownership sales percentages**

Future shared ownership sales at New Lodge are estimated at 50% reflecting the percentage of each property expected to be sold at completion. This estimate influences the value of work in progress properties held for sale within debtors and shared ownership assets under development in housing land and buildings. The total value of both these at 31 December 2020 was £516,000..

**7 Turnover and revenue recognition**

Income from UK and Overseas Equities is brought into account on the date that the stock is declared ex-dividend. Income from overseas equities are stated in sterling at the prevailing exchange rate. All other income is accounted for on an accruals basis. Income which is received directly into managed funds is accounted for within the Statement of Financial Activities with a corresponding amendment being made to the movement on the market value of the investment.

Housing Association turnover comprises rental and fee income receivable in the year, income receivable from shared ownership first tranche sales, other goods and services supplied in the year (excluding VAT) and grants receivable in the year.

Rental income is recognised at the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Charges for care and support services funded under supporting people and local authority care contracts are recognised as they fall due under the contractual arrangements with the Administering Authorities.

Government grant income received for the acquisition or development of properties is credited to restricted funds when receivable providing any conditions attaching to the grants are fulfilled. Where, at the balance sheet date, conditions remain unfulfilled, the grants are deferred pending satisfaction of these conditions.

Sales of Housing Land and Buildings are recognised on the date of the legal completion of the sale. The proceeds of sale of the first tranche of shared ownership properties are stated net of any contribution required to cross subsidise other elements of the scheme concerned and are included in turnover.

Surpluses on subsequent tranches and from other sales are recognised in their entirety in the Statement of Comprehensive Income on the date of the legal completion of the sale. At JRHT's Extra Care schemes the Trust is committed to buying back property on the termination of the lease. The price paid to the outgoing resident is the original price paid plus a percentage of the equity appreciation and is included in surpluses on sale. The remaining equity appreciation is retained by JRHT.

**8 Investments****(i) Quoted Investments, Property Unit Trusts and Other Investments**

Quoted Investments, Property Unit Trusts and other investments are included in the Balance Sheet at market value on 31 December 2020. Overseas investments are included at market value at the prevailing exchange rate at the Balance Sheet date. Income from overseas investments is shown at the prevailing exchange rate at the time of receipt.

**STATEMENT OF ACCOUNTING POLICIES (continued)****8 Investments (continued)****(ii) Properties Held for Investment**

Properties held for investment are held at fair value within the Statement of Financial Position with gains and losses recognised in the Statement of Comprehensive Income. A formal independent valuation of directly managed investment properties in accordance with the RICS Valuation Standards guidelines is obtained every three to five years. The historic cost of properties includes directly attributable finance costs which were capitalised until the property reached practical completion.

**(iii) Social Investments**

Social Investments are programme related investments, as defined by the Charity Commission and represent funding to organisations in order to further JRF's charitable objects. The primary purpose of Social Investments is to provide a social return rather than a financial return. Social Investments that are loans are accounted for at the outstanding amount of the loan less any provision for unrecoverable amounts. Unquoted equity or bonds, social investment funds and partnerships, and similar social investments are held at cost, less any provision for diminution in value, unless JRF is able to obtain a reliable estimate of fair value.

**9 Fixed Assets****(i) Housing Land and Buildings**

Housing Land and Buildings, which includes properties for letting, residential care homes and extra care schemes, are stated at cost and includes properties in the course of construction which are being developed with a view to JRHT retaining a long-term interest. Cost of Housing Land and Buildings includes directly attributable management expenses and directly attributable finance costs which are capitalised until the property reaches practical completion.

The cost of pre-1990 rented property in New Earswick was re-stated at the Existing Use Value - Social Housing as at 31 December 2013, in accordance with the SORP at that time. The increase in cost is reflected through a Revaluation Reserve.

Costs of modernisation and improvements to existing properties are capitalised if they result in the replacement of a component or the enhancement of the economic benefit of the structure.

**(ii) Shared Ownership Properties**

Included within Housing Land and Buildings is JRHT's retained interest in dwellings developed on Shared Ownership terms. Under Shared Ownership arrangements the purchaser acquires a portion of the equity of the property and has an option to acquire at any time further portions up to a limit determined by JRHT. The price payable is a corresponding portion of the market value of the property at the date of the initial purchase or the exercise of the option. A rent is payable on any portion of the equity which is retained in the JRHT's ownership.

At the discretion of JRHT, the terms of tenure between rent, shared ownership and outright ownership can be varied over time.

The book value of JRHT's retained interest in Shared Ownership properties is stated at cost, plus cost of equity subsequently repurchased by JRHT.

The book value of the equity in Shared Ownership Properties held for resale is included within Current Assets as Housing Stock Held for Resale.

**STATEMENT OF ACCOUNTING POLICIES (continued)****9 Fixed Assets (continued)****(iii) Deferred Land**

JRHT has a number of housing schemes where land has been purchased on deferred consideration terms. Where the terms allow for final payment of the land value to be made by a specified date, the liability has been recognised at the net present value of estimated future cash flows and the value of land within Housing Land and Buildings has been increased accordingly. Where no date for the purchase of the land exists, the liability is shown within contingent liabilities.

**(iv) Hartrigg Oaks**

Hartrigg Oaks represents the cost of construction of 152 bungalows, 43 rooms in the Care Centre, and communal facilities, together with apportioned management expenses, start-up costs, and directly attributable finance costs incurred up to completion.

On subsequent sales, when a new lease for the occupation of a bungalow at Hartrigg Oaks is entered into, the cost of the bungalow is restated at the Fully Refundable Residence Fee, or equivalent sum, included in the lease for that bungalow.

**(v) Other Land and Buildings**

Other Land and Buildings, which are held to support the wider social housing community or which are let at sub-market rents, are treated as 'property, plant and equipment' and are stated at cost. Cost of Other Land and Buildings includes directly attributable management expenses and directly attributable finance costs which are capitalised until the property reaches practical completion.

**10 Homebuy**

Under the Homebuy loan arrangements JRHT has made loans to individuals to enable them to purchase a property. The loan is equivalent to a specified percentage, ranging from 12½% to 30% of the market value of the property. No interest is charged on the loan but JRHT is entitled to receive the specified percentage of the market value of the property which is credited in full to interest receivable in the Statement of Comprehensive Income when it is sold. The loans are secured on the properties to which they relate. This scheme is supported by Homes England through the provision of Social Housing Grant which has been recognised as a revenue grant when received.

**11 Depreciation and Amortisation****(i) Housing Land and Buildings**

No depreciation is provided on freehold land.

Housing Properties are categorised into their main components and these components are depreciated over their estimated useful economic lives to their estimated residual value. Depreciation of Housing Properties and their components are calculated at the following rates:

Structure of Housing Properties built since 1 January 2000: over 100 years

Structure of Housing Properties built prior to 1 January 2000:-

Housing Properties built before 1950: over 50 years from 1 January 2000

Housing Properties built since 1950: over the balance of 100 years from 1 January 2000

Roofs: over 45 years

Windows: over 35 years

Boilers : over 15 years

Kitchens: over 25 years

Mechanical Systems: over 40 years

Bathrooms: over 30 years

Lifts: over 30 years

Fire Protection: over 20 years

Resident Safety and Security Equipment: over 20 years



**STATEMENT OF ACCOUNTING POLICIES (continued)****11 Depreciation and Amortisation (continued)****(ii) Shared Ownership Properties**

No depreciation is provided on freehold land.

Shared Ownership properties are depreciated over their estimated useful economic lives to their estimated residual value. Under shared ownership, residents may acquire additional shares in the property and ultimately own the property outright, known as 'staircasing out'. The useful economic life is therefore dependent upon choices made by residents. Based on past experience of 'staircasing out', an estimated useful economic life of 70 years has been applied to shared ownership properties

**(iii) Hartrigg Oaks**

The buildings at Hartrigg Oaks are depreciated on a straight line basis, so as to write down the net book value of the buildings to their estimated residual value over their estimated useful economic lives. Depreciation is calculated over the balance of 100 years from 1 January 2000.

**(iv) Other Land and Buildings**

Other Buildings are depreciated on a straight line basis, so as to write down the net book value of the buildings to their estimated residual value over their estimated useful economic lives at rates ranging from fifteen to fifty years.

Other Buildings more than 50 years old at 1 January 2000 and those from which no financial benefit is received have been fully depreciated.

The Group's freehold offices at The Homestead, 40 Water End, York are maintained to a high standard by carrying out a continuing and planned programme of refurbishment and maintenance. As a consequence, the buildings are estimated to have an outstanding economic life of a minimum of 100 years: the charge for depreciation is, therefore, immaterial so no provision has been included in the Accounts.

**(v) Vehicles, Furniture and Equipment**

Vehicles, Furniture and Equipment are written off over five years by a straight line method. Computer Equipment is written off over three years by a straight line method. Kitchen fittings and equipment at the newly refurbished Folk Hall New Earswick are written off at various rates ranging between 8 and 40 years by a straight line method.

**(vi) Intangible Fixed Assets**

Computer software is written off over five years by a straight line method.

**12 Government Grants**

Government grants includes grant receivable from Homes England, local authorities and other government agencies. All government grants received are credited to restricted funds providing any performance conditions have been met. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the Statement of Financial Position in creditors. Where properties are under construction at the reporting date, associated government grant is shown in the Statement of Financial Activities as deferred government grant.

**STATEMENT OF ACCOUNTING POLICIES (continued)****13 Other Grants**

Other Grants, which includes legacies and other donations, are recognised as revenue when the grant is receivable

**14 Deferred Income- Amounts Received in Advance**

JRHT has entered into Leases in which it is required to defer income to match against future expenditure on maintenance and repairs and equipment from sums collected via the service charge. Interest is added to the sums set aside at JRHT's marginal cost of borrowing.

**15 Hartrigg Oaks Capitalised Community Fees**

Hartrigg Oaks Capitalised Community Fees represent sums paid in advance by residents at Hartrigg Oaks towards the Community Fee. Capitalised Community Fees are not refundable when a resident leaves Hartrigg Oaks on a permanent basis, except partial repayments, on a decreasing basis, are made over the first 56 months of residence. Capitalised Community Fees are amortised in the Accounts over the anticipated lives of the residents at a rate based on advice from JRHT's actuaries.

**16 Recycled Capital Grant Fund**

Following the full sale of a rented property (other than under the Voluntary Purchase Grant or Social Homebuy programmes), the demolition of a property, the partial sale of a shared ownership property or upon a Homebuy redemption, the Social Housing Grant attributable to that property is transferred to the Recycled Capital Grant Fund. Sums in that Fund must be applied in accordance with criteria established by the Homes England.

**17 Hartrigg Oaks Residence Fees**

Hartrigg Oaks Residence Fees represents sums received from residents under the Lease and Care Agreements at Hartrigg Oaks. Fully Refundable Residence Fees are refundable in the original sum within 14 days of a resident leaving Hartrigg Oaks on a permanent basis. No interest is payable by JRHT on the sums received. Non-refundable Residence Fees are not refundable when a resident leaves Hartrigg Oaks on a permanent basis except partial repayments, on a decreasing basis, are made over the first 56 months of residence. Non-refundable Residence Fees are amortised in the Accounts over the anticipated lives of the residents at a rate based on advice from JRHT's actuaries.

**18 Bonds and Loan Stock**

JRHT has issued Bonds and Loan Stock at its Residential Care Homes. Residents who take up Bonds or Loan Stock are entitled to a rebate on their fee. Any interest which is earned on the Bonds or Stock in excess of the rebates given is available to provide Bursary Support to those residents in the Homes who are unable to meet the full fee. Repayments are made when a resident ceases to be in occupation or following a re-assessment of a resident's financial position.

Bonds and Loan Stock are recognised in the Statement of Financial Position at the Net Present Value of the estimated future cash flows. The timing of future payments, which will be triggered when a resident ceases occupation, are uncertain and it has been assumed that one in eight residents will cease occupation in any one year based on past experience

**19 Cost of raising funds - Investment Management Costs**

Investment management costs consist of fees paid to investment managers, for investment advice, costs incurred in managing JRF's portfolio and costs of direct property investments.

Certain fees are performance related and are payable if an investment manager delivers an out-performance versus the relevant benchmark. An accrual has been raised for amounts which relate to past performance and which fall due for payment within the following accounting year.

Where fees paid or due to investment managers have been deducted from either distributions or the asset value and are available from asset managers, these are all adjusted to ensure that the financial statements reflect the gross amounts.

**STATEMENT OF ACCOUNTING POLICIES (continued)****20 Charitable activities - Grant Commitments**

Grant commitments are recognised in full in the year where there is a legal or unconditional obligation to the third party. Grant commitments for which expenditure was outstanding at the year-end are shown as liabilities in the Balance Sheet.

Grant commitments are not recognised where a commitment is made to provide grant funding over a number of years, but JRF has discretion to terminate the funding agreement. The funding commitment in these circumstances is disclosed as a contingent liability

**21 Charitable activities - Support and Governance Costs**

Support costs comprise staff costs and associated overheads incurred on staff directly engaged in the management, dissemination, influencing and demonstration of the results of work funded by JRF, together with staff costs and associated overheads incurred by teams providing central services.

**22 Employee costs**

Employee costs include liabilities for the cost of all benefits which employees are entitled to but which were unpaid at the Balance Sheet date.

**23 Retirement Benefits**

JRF participates in the Social Housing Pension Scheme (SHPS) which is a multi-employer defined benefit scheme which is in actuarial deficit and JRF is committed to meeting the cost of past service deficits at a pre-determined rate until September 2026. These contributions are accounted on a defined benefits basis. (see 6 ii above)

The defined benefit scheme was closed on 1 April 2017. Employer contributions to direct contribution schemes are charged to the Statement of Financial Activities in the year they are incurred.

## NOTES TO THE ACCOUNTS

## 1 Investment Income

	Restricted £'000	Unrestricted £'000	2020 Total £'000	2019 Total £'000
<b>Quoted Investments</b>				
UK Fixed Interest and Index Linked	-	162	162	89
UK Equities	-	478	478	1,901
Overseas Fixed Interest and Index Linked	-	-	-	182
Overseas Equities	-	3,624	3,624	5,274
<b>Other Investments</b>				
Other Investments	-	-	-	(10)
Property Unit Trusts	-	488	488	568
Social Investments	-	187	187	132
<b>Directly Managed Investment Properties</b>				
Rents and other income				
net of voids and bad debts	113	63	176	153
<b>Other income</b>				
Interest receivable/(payable) (net)	54	(235)	(181)	(188)
	167	4,767	4,934	8,101

Interest payable/(receivable) represents sums received on Hartrigg Oaks loans and cash held for investment net of overdraft interest.

## 2 Other Income

	Restricted £'000	Unrestricted £'000	2020 Total £'000	2019 Total £'000
Other	-	4	4	2
	-	4	4	2

## 3 Raising funds - investment management

	Restricted £'000	Unrestricted £'000	2020 Total £'000	2019 Total £'000
Investment management fees	-	3,406	3,406	6,229
Expenditure on directly managed investment properties	70	-	70	13
Expenditure on Social Investments	-	5	5	31
	70	3,411	3,481	6,273

## 4 Grant Commitments

The Group funds external activity to support its outcomes, details of which are included in the Trustees' Annual Report. All grant commitments relate to unrestricted funds and individual projects committed during the year within the Group's programmes, in excess of £25,000, are set out below.

Project	Organisation	£'000
IGH Year 2 commitment	Centre for Progressive Policy	675
Minimum Income Standards 2021-2024	Loughborough University	674
Crisis Commitment 2020	Crisis	250
Challenge Poverty Week 2020 - 2023: Partnership agreement	The Poverty Alliance	224
Reframing Housing in the UK	Nationwide Foundation	210
Talking About Poverty in the Media – Scaling up the work	On Road Media	200
How the pandemic has impacted on public attitudes to poverty	Britain Thinks	152
Workertech Programme Grant + Extension	Resolution Foundation	150
Harnessing business to tackle society's greatest challenges	Generate Trust	111
Good things foundation	Good Things Foundation	106
Poverty2Solutions Phase 4: Implementing a legal duty to put the voice and experience of lived experience of socio-economic disadvantage at the		
2 Ridings Commitment 2020	Thrive Teesside	104
Trussell Trust commitment 2020	Two Ridings Community Foundation	100
Citizens UK partnership with JRF on Grassroots Strategy	Trussell Trust	100
Addressing Poverty with Lived Experience (APLE) Oct 2020-Sep 2021	Citizens UK	82
Anti-poverty Conservative conference	Joseph Rowntree Foundation	77
Real Time Vacancy Analysis	ResPublica	60
Frameworks support: March 2020 - October 2020	Institute for Employment Studies	56
The Orwell Prize for Exposing Britain's Social Evils 2020 - 21	Frameworks Institute	53
Overarching Portrait of Britain	The Orwell Foundation	50
Involving Experts by Experience	JRF	46
JRF Partnership with Little Village	Poverty and Inequality Commission	45
How Coronavirus policy responses can restart adult education in the community and build a skills ladder out of poverty	Little Village	40
Welfare to Support Low Income Homeowners	Social Market Foundation	36
Tackling single parent poverty after Coronavirus	Centre For Policy Studies	36
Different Class	Learning and Work Institute	35
Impact Accelerator	New Writing North	30
London Unemployed	Impact Accelerator Ltd	30
London Unemployed Strategies Partnership	London Unemployed Strategies CIC	30
Designing high quality bridging homeless accommodation	Joseph Rowntree Foundation	30
Edelman Intelligence - 12 months access to the Command Centre including support	Design Council	30
Poverty Truth Community Extension	Edelman Intelligence	28
Faith in the Community Dundee	Poverty Truth Community	25
Grants under £25,000	Faith in the Community Scotland	25
Total grants linked to JRF outcomes		435
Other Non Research and Development Grants made were:		4,335
Strategic Support		96
The Homestead Park		327
Regional Grants (Note i)		184
Write-back projects approved in previous years no longer required		(124)
		4,818
Note (i)		
Regional Grants comprised:-		£'000
York		119
Hartlepool		65
		184

Further information on the grant commitments in the year is available in the Trustees' Annual Report and on the JRF website.

**4 Grant Commitments (continued)**

Individual projects committed during 2019 within programmes, in excess of £25,000 all of which relate to unrestricted funds, are set out below.

<b>Project</b>	<b>Organisation</b>	<b>£'000</b>
Destitution in the UK, 2020	Heriot-Watt University	319
Tackling in-work poverty: delivering 'Living Hours' alongside a real Living Wage	Citizens UK	174
British Social Attitudes income and inequality modules 2019	National Centre for Social Research	169
Co-designing solutions to in-work poverty	Involve	120
Made in Britain - an inclusive and collaborative method of journalism and film production	The Guardian	119
Opening Knowledge and Research across Entertainment (OKRE) / SREE	Wellcome Trust	100
Connecting with Low Income Voters	Hanbury Strategy	91
Funding the Rowntree Society 2020-22	The Rowntree Society	90
Poverty Truth Network Transition Year	Poverty Truth Network	87
Repairing our social fabric	Onward	86
What do people want from Brexit?	ComRes	75
Reframing race: making the case for race equality-changing the conversation (Joint project with Voice4Change England)	The Runnymede Trust	71
Talking About Poverty/Poverty in the Media	On Road Media	66
Unlocking Britain's potential	Trades Union Congress	63
Poverty2Solutions - Phase 3: progressing the campaign on the socio-economic duty	Thrive Teesside	61
Funding for post of Inclusive Growth Policy and Delivery Officer	West Midlands Combined Authority	60
Challenge Poverty Week 2019	The Poverty Alliance	56
Guardian & JRF Pitch at Sheffield Doc Fest 2019	The Guardian	54
Frameworks Support March 2019 - August 2019	Frameworks Institute	52
FrameWorks' Support: September 2019 - February 2020	Frameworks Institute	52
Social Metrics Commission - Campaign and Funding Strategy 2019/20	Legatum Institute	50
An Effective Income Supplement: progress towards Scotland's 2030 child poverty targets	IPPR Scotland	42
Addressing Poverty with Lived Experience (APLE) Collective	Joseph Rowntree Foundation	41
Attitudes to Scottish Social Security	Bright Blue	34
Poverty and social security - the left's agenda for the 2020's	Fabian Society	33
Rebalancing the UK	Prospect Magazine	32
Putting parents in the driving seat: talking about child poverty	Little Village	32
Overarching Portrait of Britain Exhibition Fund	Joseph Rowntree Foundation	30
H is for Harry - a film that places authentic, under-represented voices at its heart	Mercurial Pictures	30
Poverty Truth Community	Faith in Community Scotland	25
Grants under £25,000		386
Total Research and Development Grants		2,700
Other Non Research and Development Grants made were:		
Strategic Support		153
The Homestead Park		301
Regional Grants (Note i)		189
Write-back projects approved in previous years no longer required		(167)
		3,176
Note (i)		
Regional Grants comprised:-		£'000
York		124
Hartlepool		65
		189

**5 Support and Governance Costs**

Group support and governance costs, all of which relate to unrestricted funds, are set out below:

	<b>2020 £'000</b>	<b>2019 £'000</b>
Staff costs, including welfare, training and temporary staff	6,723	6,777
Office costs	1,926	1,851
Travel and subsistence	91	278
Consultancy and professional fees	907	1,081
Governance (Note i)	121	179
	<u>9,768</u>	<u>10,166</u>
<b>(i) Governance</b>		
	<b>2020 £'000</b>	<b>2019 £'000</b>
Trustees' travel and subsistence	3	18
Trustees' meeting expenses and training	4	17
Trustees' appointment	4	24
External Auditors' remuneration	41	27
Internal audit	69	93
	<u>121</u>	<u>179</u>

All the above costs are inclusive of applicable VAT. In addition to their audit fees the auditors received fees relating to non-audit work of £33,330 comprising tax compliance services £10,170 and tax advisory services £23,160. (2019 £36,840 comprising tax advisory services £30,720 and accounting technical advice £6,120). Fees charged for the audit of the subsidiaries, inclusive of vat, were JRHT £39,120 (2019; £27,960) and CEL £3,360 (2019; £2,640).

**6 Trustees' Emoluments**

No Trustee received any emoluments or benefits in kind in respect of their services. Trustees are reimbursed for travel and subsistence costs incurred in carrying out their duties. The total sum reimbursed in the year was £4,392 (2019: £17,315) and is included within Governance (Note 5). The number of Trustees reimbursed during the year was nine (2019: 11).

**7 Employee Information**  
**(a) Staff Costs**

Total staff costs incurred between the parent (JRF) and the subsidiary (JRHT) were:-

	Parent £'000	2020 JRHT £'000	Group £'000	Parent £'000	2019 JRHT £'000	Group £'000
Wages and salaries	5,612	12,222	17,834	5,037	10,938	15,975
Retirement, redundancy and exit payments	-	118	118	45	143	188
National insurance contributions	551	929	1,480	498	820	1,318
Other pension costs (Note 8)	331	625	956	743	537	1,280
	6,494	13,894	20,388	6,323	12,438	18,761

The average weekly number of Executive Directors and employees and full time equivalent (FTE) Officers and employees was:

	2020 Headcount No.	2020 FTE No.	2019 Headcount No.	2019 FTE No.
Parent				
Number of Executive Directors	5	5	5	5
Employees, including those on joint contracts with the subsidiary	159	149	148	137
	164	154	153	142
Subsidiary	549	445	511	409
	713	599	664	551

**(b) Higher Paid Employees**

The number of employees, excluding directors, whose full year, full time equivalent emoluments, including pension contributions and benefits in kind, employed by the Group in the following ranges were:-

	2020	2019
£60,001 - £70,000	9	5
£70,001 - £80,000	7	5
£80,001 - £90,000	1	1
£90,001 - £100,000	1	1
£140,001 - £150,000	-	1

The above bandings include six employees who left during the year. Equivalent annual remuneration places two of these employees in the banding £60,001 to £70,000, three of these employees in the banding £70,001 to £80,000 and one employee in the equivalent band for £90,001 to £100,000. In addition four employees who joined during the year are also included. Equivalent annual remuneration places three of these employees in the £60,001 to £70,000 band and one of these employees in the £80,001 to £90,000 band.

**(c) Executive Directors and Key Management Personnel**

The benefits in kind of the current Group Chief Executive relate to relocation costs actually incurred.

In 2019 the previous Chief Executive was required to split his time between York and London and was therefore deemed to have two places of work. In recognition of the fact that a significant amount of time was spent in York, and that the Chief Executive's family remained based in London, Trustees agreed to fund accommodation in York and pay for travel expenses between London and York to facilitate this. The Benefit in Kind assigned to the Chief Executive of £12,000 consisted of accommodation (£1,000), travel expenses (£4,000) and tax and national insurance (£7,000). These costs are included in the table below. The Chief Executive received no payments directly, apart from his core salary.

	2020				2019				
	Basic Salary £'000	Benefits in kind £'000	Pension contributions £'000	Total Benefits £'000	Basic Salary £'000	Compensation for Loss of Office £'000	Benefits in kind £'000	Pension contributions £'000	Total Benefits £'000
Chief Executive - to 28 June 2019	-	-	-	-	85	-	12	5	102
Group Chief Executive - from 1 September 2020	50	5	3	58	-	-	-	-	-
JRF Executive Director - to 17 April 2020	39	-	2	41	101	-	-	6	107
Acting JRF Executive Director - from 20 April 2020	54	-	3	57	-	-	-	-	-
JRHT Executive Director- From 11 March 2019	98	-	6	104	76	-	-	5	81
Director of Finance from 1 May 2018	98	-	6	104	95	-	-	6	101
Director of Corporate Services	98	-	6	104	95	-	-	6	101
	437	5	26	468	452	-	12	28	492

The aggregate remuneration of Key Management personnel was as follows:-

	2020 £'000	2019 £'000
Basic Salary	437	452
Compensation for loss of office	-	-
Benefits in Kind	5	12
Pension Contributions	26	28
Employer's NIC	52	62
	520	554

The emoluments of the highest paid directors, the JRHT Executive Director, the Director of Finance and the Director of Corporate Services, excluding pension contributions were £98,000 each in 2020 (2019: the JRF Executive Director £101,000)



**8 Social Housing Pension Scheme**

JRF participated in the Social housing Pension Scheme (SHPS), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK. The SHPS scheme was closed to staff from 1 April 2017.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the pensions regulator and Technical Actuarial Standards issued by the Financial reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK. The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A recovery plan has been put in place with the aim of removing this deficit by 30 September 2026.

The scheme is classified as a "last-man standing arrangement". Therefore JRF is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the Scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28 February 2019, it was not been possible for JRF to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore JRF accounted for the Scheme as a defined contribution scheme. For Financial Years ending on or after 31 March 2019, it was possible to obtain sufficient information to enable JRF to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the Scheme were carried out with effective dates of 31 December 2018 and 31 December 2019. The liability figures for each valuation were, if applicable, used in conjunction with JRF's fair share of the Scheme's total assets to calculate JRF's net deficit or surplus at the accounting period start and end dates.

Under the defined benefit pension scheme accounting approach the SHPS net deficit at 1 January 2019 was £12,089,000 and £12,409,000 at 31 December 2019.

The impact of this revision in accounting treatment was a charge to the comprehensive income of £195,000 in 2019 in recognition of the re-measurement of historical deficits. This treatment is in accordance with FRED71 as issued in January 2019.

	£'000
Past service deficit liability as at 1 January 2019 derecognised	12,089
Net pension scheme deficit under defined benefit accounting as at 1 January 2019	(12,284)
Loss recognised in other comprehensive income on initial recognition at 1 January	<u>(195)</u>

JRF is meeting the past service deficit contribution which has arisen from the 2008, 2011, 2014 and 2017 actuarial valuations.

**a Reconciliation of opening and closing creditors**

	2020 £'000	2019 £'000
Creditor at start of period	-	12,089
Contributions paid	-	-
Operating cost charge	-	-
Finance charge	-	-
Creditor derecognised on change of accounting treatment	-	(12,089)
Creditor at end of period	<u>-</u>	<u>-</u>

**b Deficit contributions schedule**

	2020 £'000	2019 £'000
Year 1	1,596	1,565
Year 2	1,628	1,596
Year 3	1,660	1,628
Year 4	1,694	1,660
Year 5	1,727	1,694
Year 6	1,319	1,727
Year 7	-	1,319

**8 Social Housing Pension Scheme (continued)****c Key financial assumptions**

	<b>2020</b>	<b>2019</b>
	<b>% pa</b>	<b>% pa</b>
Discount rate	1.43	2.05
Inflation (RPI)	2.97	3.05
Inflation (CPI)	2.50	2.05
Salary Growth	3.50	3.05

The allowance for commutation of pension for cash at retirement was 75% in both 2019 and 2020.

**d Average life expectations**

	<b>2020</b>	<b>2019</b>
	<b>Years</b>	<b>Years</b>
The mortality assumptions adopted at 31 December 2020 imply the following life expectancies:		
Male retiring in 2020	21.50	21.80
Female retiring in 2020	23.30	23.50
Male retiring in 2040	22.90	23.20
Female retiring in 2040	24.50	24.70

**e Amounts recognised in the statement of financial activities**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Expenses (note 4)	49	47
Interest cost (note 2)	239	323
Total charged to statement of financial activities	<u>288</u>	<u>370</u>

**f Reconciliation of defined benefit obligation**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Defined benefit obligation at beginning of year (initial recognition)	59,901	54,482
Expenses	49	47
Interest cost	1,208	1,504
Actuarial loss/(gain) due to Scheme experience	376	(639)
Actuarial (gain)/loss due to change in demographic assumptions	(733)	180
Actuarial loss due to change in financial assumptions	10,717	5,829
Benefits paid	(2,295)	(1,502)
Total charged to statement of financial activities	<u>69,223</u>	<u>59,901</u>

**g Reconciliation of fair value of Scheme assets**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of Scheme assets at beginning of year (initial recognition)	47,492	42,198
Interest income on Scheme assets	969	1,181
Experience loss on plan assets (excluding amounts included in interest income)	6,450	4,111
Contributions by JRF	1,611	1,504
Benefits paid	(2,295)	(1,502)
Fair value of Scheme assets at end of year	<u>54,227</u>	<u>47,492</u>

**8 Social Housing Pension Scheme (continued)****h Amounts recognised in the balance sheet**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of Scheme assets	54,227	47,492
Actuarial value of scheme liabilities	(69,223)	(59,901)
Deficit in the scheme	<u>(14,996)</u>	<u>(12,409)</u>

**i Analysis of assets**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Global Equity	8,661	9,561
Absolute Return	2,573	2,270
Distressed Opportunities	1,300	917
Credit Relative Value	1,415	1,240
Alternative Risk Premia	1,867	3,146
Fund of Hedge funds	7	43
Emerging Markets Debt	2,261	1,759
Risk Sharing	1,928	1,557
Insurance-Linked Securities	1,329	1,323
Property	1,061	1,054
Infrastructure	3,309	3,353
Private debt	1,233	941
Opportunistic Illiquid Credit	1,268	863
High Yield	1,673	-
Opportunistic Credit	1,279	-
Cash	541	-
Corporate Bond Fund	3,130	2,301
Liquid Credit	613	-
Long Lease Property	836	926
Secured Income	1,804	1,554
Liability Driven Investment	16,018	14,433
Net Current assets	121	251
Total Assets	<u>54,227</u>	<u>47,492</u>

**j Analysis of return on assets**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Interest on scheme assets	969	1,181
Actuarial gains	6,450	4,111
Actual return on assets	<u>7,419</u>	<u>5,292</u>

**k Analysis of return on assets recognised in other comprehensive income**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Gains on Scheme assets	6,450	4,111
Experience (Loss)/gain on Scheme liabilities	(376)	639
Loss on change in assumptions (financial and demographic)	(9,984)	(6,009)
Actual return on assets	<u>(3,910)</u>	<u>(1,259)</u>

**Joseph Rowntree Foundation**  
**Registered Charity**

## 9 Joseph Rowntree Housing Trust Turnover and Operating Costs

The results of JRHT, available on its website, prepared under the Housing SORP 2018 but modified to the Charities SORP for the purpose of consolidation are :-

	<b>2020</b>		<b>2019</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Turnover		24,303		23,475
Grants Received		-		4,659
Recycled grant utilised		-		995
		<u>24,303</u>		<u>29,129</u>
<b>Operating Costs</b>				
Staff Costs	(14,966)		(13,952)	
Other Costs	(4,555)		(4,066)	
Interest Payable	(2,027)		(1,906)	
Gain on Disposal of Fixed Assets	746		1,187	
Property Depreciation	(2,587)		(2,573)	
Taxation	(1)		(27)	
Recycled grant repaid	<u>(1,079)</u>		<u>(254)</u>	
		(24,469)		(21,591)
Gain on revaluation of investment properties		435		2,078
Income from investment properties		113		90
Expenditure on investment properties		(70)		(8)
Interest Receivable		54		79
		<u>366</u>		<u>9,777</u>

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**Registered Charity**

**10 Tangible Fixed Assets**

**Group**

	<b>Properties £'000</b>	<b>Properties under construction £'000</b>	<b>Furniture and Equip-ment £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 January 2020	209,239	6,793	2,403	218,435
Additions	4,429	4,220	7	8,656
Transfer	(173)	-	173	-
Disposals	(1,964)	-	(171)	(2,135)
Transfer to Assets held for sale	(60)	(516)	-	(576)
At 31 December 2020	<u>211,471</u>	<u>10,497</u>	<u>2,412</u>	<u>224,380</u>
<b>Depreciation</b>				
At 1 January 2020	28,805	-	1,806	30,611
Charge in the year	2,985	-	197	3,182
Transfer	(33)	-	33	-
Disposals	(288)	-	(171)	(459)
Transfer to Assets held for sale	(19)	-	-	(19)
At 31 December 2020	<u>31,450</u>	<u>-</u>	<u>1,865</u>	<u>33,315</u>
<b>Net Book Value</b>				
At 1 January 2020	<u>180,434</u>	<u>6,793</u>	<u>597</u>	<u>187,824</u>
At 31 December 2020	<u>180,021</u>	<u>10,497</u>	<u>547</u>	<u>191,065</u>

**Properties are represented by:**

Freehold Land and Buildings	173,510
Long Leasehold Land and Buildings	6,511
	<u>180,021</u>

Properties consists of Social Housing Properties held for letting, business and office premises including solar panels, communal areas at extra care schemes, non- housing property in New Earswick and Derwenthorpe and the continuing care retirement community at Hartrigg Oaks, New Earswick.

**Parent**

	<b>Properties £'000</b>	<b>Furniture and Equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2020	2,342	1,309	3,651
Additions	-	7	7
Disposals	-	(158)	(158)
At 31 December 2020	<u>2,342</u>	<u>1,158</u>	<u>3,500</u>
<b>Depreciation</b>			
At 1 January 2020	-	1,161	1,161
Charge in the year	-	52	52
Disposals	-	(158)	(158)
At 31 December 2020	<u>-</u>	<u>1,055</u>	<u>1,055</u>
<b>Net Book Value</b>			
At 1 January 2020	<u>2,342</u>	<u>148</u>	<u>2,490</u>
At 31 December 2020	<u>2,342</u>	<u>103</u>	<u>2,445</u>

Properties consists of JRF's freehold offices at The Homestead, York.

JRF has a reversionary interest in the property known as Ouse Lea which will mature in the year 2119. No value has been placed upon the reversion in these Financial Statements.

**11 Intangible Fixed Assets****Group****IT Software  
£'000****Cost**

At 1 January 2020	1,703
Additions	167
Disposals	(65)
At 31 December 2020	<u>1,805</u>

**Amortisation**

At 1 January 2020	1,469
Charge in the year	120
Disposals	(62)
At 31 December 2020	<u>1,527</u>

**Net Book Value**

At 1 January 2020	<u>234</u>
At 31 December 2020	<u>278</u>

**Parent****IT Software  
£'000****Cost**

At 1 January 2020	1,643
Additions	167
Disposals	(65)
At 31 December 2020	<u>1,745</u>

**Amortisation**

At 1 January 2020	1,409
Charge in the year	120
Disposals	(62)
At 31 December 2020	<u>1,467</u>

**Net Book Value**

At 1 January 2020	<u>234</u>
At 31 December 2020	<u>278</u>

**12 Homebuy Loans****Group****2020  
£'000****2019  
£'000**

At 1 January	2,392	2,520
Repayments	(36)	(128)
At 31 December	<u>2,356</u>	<u>2,392</u>

**13 Investments****Group**

	<b>Value 1.1.20</b>	<b>Purchases/ Additions</b>	<b>Repay- ments</b>	<b>Gains/ (Losses)</b>	<b>Value 31.12.20</b>	<b>Cost 31.12.20</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Quoted Investments</b>						
UK Index Linked	5,384	1,359	(2,234)	1,572	6,081	4,495
UK Fixed Interest	8,764	5,366	(9,600)	(137)	4,393	4,538
UK Equities	50,350	10,174	(36,536)	(12,834)	11,154	11,224
Overseas Index Linked	16,932	166	(3,381)	1,484	15,201	13,809
Overseas Fixed Interest	-	-	-	-	-	-
Overseas Equities	318,743	151,290	(135,556)	37,856	372,333	213,399
	<u>400,173</u>	<u>168,355</u>	<u>(187,307)</u>	<u>27,941</u>	<u>409,162</u>	<u>247,465</u>
<b>Other Investments</b>						
Other	10,308	22,533	(14,593)	6,361	24,609	28,933
Property Unit Trusts	13,343	-	(121)	(286)	12,936	14,721
	<u>23,651</u>	<u>22,533</u>	<u>(14,714)</u>	<u>6,075</u>	<u>37,545</u>	<u>43,654</u>
<b>Investment Properties</b>						
Directly Managed	4,113	-	-	335	4,448	2,238
<b>Social Investments</b>	6,648	2,055	(672)	378	8,409	9,300
<b>Unquoted Investments</b>						
Clifton Estate Limited	-	-	-	-	-	17
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>
<b>Cash held for Investment</b>	9,288	-	(4,462)	-	4,826	4,826
	<u>443,873</u>	<u>192,943</u>	<u>(207,155)</u>	<u>34,729</u>	<u>464,390</u>	<u>307,500</u>

**Joseph Rowntree Foundation**  
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**Parent**

	<b>Market Value 1.1.20 £'000</b>	<b>Purchases/ Additions £'000</b>	<b>Sales/ Repay- ments £'000</b>	<b>Gains/ (Losses) £'000</b>	<b>Market Value 31.12.20 £'000</b>	<b>Cost 31.12.20 £'000</b>
<b>Quoted Investments</b>						
UK Index Linked	5,384	1,359	(2,234)	1,572	6,081	4,495
UK Fixed Interest	8,764	5,366	(9,600)	(137)	4,393	4,538
UK Equities	50,350	10,174	(36,536)	(12,834)	11,154	11,224
Overseas Index Linked	16,932	166	(3,381)	1,484	15,201	13,809
Overseas Equities	<u>318,743</u>	<u>151,290</u>	<u>(135,556)</u>	<u>37,856</u>	<u>372,333</u>	<u>213,399</u>
	<u>400,173</u>	<u>168,355</u>	<u>(187,307)</u>	<u>27,941</u>	<u>409,162</u>	<u>247,465</u>
<b>Other Investments</b>						
Other	10,308	22,533	(14,593)	6,361	24,609	26,577
Property Unit Trusts	<u>13,343</u>	<u>-</u>	<u>(121)</u>	<u>(286)</u>	<u>12,936</u>	<u>14,721</u>
	<u>23,651</u>	<u>22,533</u>	<u>(14,714)</u>	<u>6,075</u>	<u>37,545</u>	<u>41,298</u>
<b>Investment Properties</b>						
Directly Managed	1,350	-	-	(100)	1,250	1,464
<b>Social Investments</b>	6,648	2,055	(672)	378	8,409	9,300
<b>Unquoted Investments</b>						
Clifton Estate Limited	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>
<b>Amounts owed by Group undertakings</b>						
Hartrigg Oaks Loans- Fixed	<u>233</u>	<u>-</u>	<u>(61)</u>	<u>-</u>	<u>172</u>	<u>172</u>
	<u>233</u>	<u>-</u>	<u>(61)</u>	<u>-</u>	<u>172</u>	<u>172</u>
<b>Cash held for Investment</b>	<u>9,288</u>	<u>-</u>	<u>(4,462)</u>	<u>-</u>	<u>4,826</u>	<u>4,826</u>
	<u>441,343</u>	<u>192,943</u>	<u>(207,216)</u>	<u>34,294</u>	<u>461,364</u>	<u>304,542</u>

Other Investments represents holdings in unit trusts in gold and precious metals, credit and illiquid strategies and money market funds at the year end.

A formal revaluation of JRF's one investment properties was carried out in December 2020 by an independent, qualified, chartered surveyor. The carrying value in the balance sheet reflects this valuation.

JRF owns 100% of the Ordinary Share Capital of Clifton Estate Limited. No value has been placed on this shareholdings in the Accounts: in the opinion of the Trustees, any sum would be immaterial in the context of the JRF's total investment portfolio.

A parcel of land has been retained following the sale of the investment property known as Beverley House in 2019 but no value has been placed upon this in these financial statements as it is considered as not material.



**14 Properties held for sale**

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Shared ownership properties</b>		
Completed properties	236	840
Work in progress	516	-
	<u>752</u>	<u>840</u>
Housing Land and Buildings	41	104
	<u>793</u>	<u>944</u>

There are no properties held for sale in the parent undertaking.

**15 Debtors**

	<b>Group</b>		<b>Parent</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Rent arrears	405	365	-	-
Prepayments	264	230	258	212
Sundry debtors and accrued income	<u>1,220</u>	<u>2,342</u>	<u>258</u>	<u>708</u>
	<u>1,889</u>	<u>2,937</u>	<u>516</u>	<u>920</u>

**16 Creditors: Amounts falling due within one year**

	<b>Group</b>		<b>Parent</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Outstanding Grant Commitments (Note 17)	2,445	2,015	2,445	2,015
Recycled Capital Grant	47	47	-	-
Rents in advance	329	295	-	-
Accruals	3,433	3,898	2,016	2,107
Other Creditors	1,799	2,651	647	1,002
Debt (note 18)	18	1,016	-	-
	<u>8,071</u>	<u>9,922</u>	<u>5,108</u>	<u>5,124</u>

**17 Creditors: Amounts falling due after more than one year**

	<b>Group</b>		<b>Parent</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Outstanding Grant Commitments: At 1 January	2,419	2,850	2,419	2,850
New grant commitments during year (Note 4)	5,799	5,841	5,799	5,841
Grants paid during year	<u>(5,439)</u>	<u>(6,272)</u>	<u>(5,439)</u>	<u>(6,272)</u>
	2,779	2,419	2,779	2,419
Less: Amounts falling due within one year (Note 16)	<u>(2,445)</u>	<u>(2,015)</u>	<u>(2,445)</u>	<u>(2,015)</u>
At 31 December	334	404	334	404
Deferred grant income on properties being Developed	2,175	2,175	-	-
Recycled Capital Grant	1,496	417	-	-
Deferred income- amounts received in advance	3,709	3,466	-	-
Deferred Land	3,276	2,796	-	-
Capitalised Community Fees	2,192	1,992	-	-
Residence Fees at Hartrigg Oaks	29,278	28,408	-	-
Bonds and Loan Stock	1,319	1,539	-	-
Debt (Note 18)	<u>57,204</u>	<u>54,722</u>	<u>-</u>	<u>-</u>
	<u>100,983</u>	<u>95,919</u>	<u>334</u>	<u>404</u>

The timing of grant payments is largely dependent upon the submission of claims from the receiving institution. The classification of outstanding grant commitments between those payable within one year and those payable after more than one year is, therefore, not certain. The classification between those payable within one year and those payable after more than one year is based on an estimate.

**18 Debt Analysis****Group Borrowings are represented by :**

	2020 £'000	2019 £'000
Housing Loans (Note i)	42,222	40,738
THFC Bond (Note ii)	15,000	15,000
	<u>57,222</u>	<u>55,738</u>

**Note i**

The Housing Loans comprise:-

	2020 £'000	2019 £'000
Orchardbrook Ltd	722	738
Lloyds Banking Group plc Facility A	10,000	10,000
Lloyds Banking Group plc Facility B (Tranche 1)	8,000	8,000
Lloyds Banking Group plc Facility B (Tranche 2)	5,000	6,000
Handelsbanken Loan 1	8,000	8,000
Handelsbanken Loan 2	10,500	8,000
	<u>42,222</u>	<u>40,738</u>

- (a) The loans from Orchardbrook Ltd are settled by equal half-yearly instalments of capital and interest over the estimated life of the scheme for which the loan was provided. The final instalments fall to be repaid in the period 2019 to 2047. The rates of interest are fixed and range from 9.25% to 15.875%. The loans are secured against 65 of JRHT's properties.
- (b) Facility A from Lloyds Banking Group plc is for a 30 year term with a bullet repayment at a fixed rate of interest. The average rate charged during the year was 4.76%. The margins increase over the life of the loan so that from September 2030 the rate, including margins, is 4.83%. The loan is secured against 123 of JRHT's properties and is fully repayable on 9 December 2036.
- (c) Facility B (Tranche 1) from Lloyds Banking Group plc is for a 28 year term with a bullet repayment at a fixed rate of interest. The interest rate charged during the year was 4.35%. The margins increase over the life of the loan, so that from 24 March 2036 the rate, including margins, is 4.38%. The loan is secured against 119 of JRHT's properties and with a final repayment due on 24 December 2037.
- (d) Facility B (Tranche 2) from Lloyds Banking Group plc is for a 20 year term with repayments at 3 yearly intervals and a final repayment on 28 December 2034. Interest charged during the year was 3.58%. The margins increase over the life of the loan, so that from 28 March 2028 the rate, including margins, is 3.62%. The loan is secured against 86 of JRHT's properties.
- (e) Handelsbanken Loan 1 represents a revolving credit facility of £8m . Interest is charged at a variable rate linked to LIBOR: the average rate charged during the year was 1.62%. The Facility, which is available until June 2023, is secured against 127 of JRHT's properties.
- (f) Handelsbanken Loan 2 represents a revolving credit facility of £15m . Interest is charged at a variable rate linked to LIBOR: the average rate charged during the year inclusive of non- utilisation fees was 2.22%. The Facility, which is available until June 2023, is secured against 219 of JRHT's properties.

The Housing Loans are repayable in the following periods:-

	2020 £'000	2020 £'000	2019 £'000
In one year or less (Note 16)		18	1,016
Between one and two years	19		18
Between two and five years	1,071		1,065
In five years or more	41,114		38,639
		<u>42,204</u>	<u>39,722</u>
		<u>42,222</u>	<u>40,738</u>

**Note ii**

A bond of £15m from THFC was taken out in 2013. Interest is charged at a fixed rate of 5.2%. The bond is secured against 240 of the JRHT's properties and is repayable in 2043.

The THFC Bond is repayable in the following periods:-

	2020 £'000	2020 £'000	2019 £'000	2019 £'000
In one year or less		-		-
Between one and two years	-		-	
Between two and five years	-		-	
In five years or more	15,000		15,000	
		<u>15,000</u>		<u>15,000</u>
		<u>15,000</u>		<u>15,000</u>

**19 Cash Flow from Operating Activities**

	<b>2020</b>		<b>2019</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Net expenditure before investment movements in the year		(17,205)		(5,428)
Depreciation of tangible fixed assets	3,182		3,152	
Amortisation of intangible fixed assets	120		137	
Amortisation of Non-refundable Residence	(267)		(257)	
Amortisation of Capitalised Community Fees	(173)		(160)	
Decrease in Net Present Value of Loan Stock	40		46	
Increase/(Decrease) in outstanding grant commitments	360		(431)	
Decrease/(Increase) in Stock of Materials	9		(9)	
Surplus on sale of properties	(2,052)		(3,683)	
Decrease in housing stock held for sale	167		1,595	
Decrease/(Increase) in debtors	1,001		(670)	
Increase/(Decrease) in creditors	2,197		(15,694)	
Increase in Net Pension Liability	2,587		12,409	
		<u>7,171</u>		<u>(3,565)</u>
<b>Net cash outflow from operating activities</b>		<u>(10,034)</u>		<u>(8,993)</u>

**20 Leasing Commitments**

Total future minimum operating lease payments are set out below:

	<b>Group</b>		<b>Parent</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	190	202	173	140
Between two and five years	137	250	132	228
Over five years	-	-	-	-
	<u>327</u>	<u>452</u>	<u>305</u>	<u>368</u>

Leases relate to shared office space in one location, vehicles and photocopiers.

The annual charge for rental of office space under operating leases which relates to the parent only was £114,588 (2019: £113,018)

21 Financial Assets and Liabilities	Group		Parent	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Financial assets that are debt instruments measured at amortised cost	8,147	8,623	2,412	1,490
Financial liabilities measured at amortised cost	(107,337)	(103,808)	(5,336)	(5,436)
Financial liabilities that are measured at fair value through the surplus or deficit	(16,315)	(13,948)	(14,996)	(12,409)
	<u>(115,505)</u>	<u>(109,133)</u>	<u>(17,920)</u>	<u>(16,355)</u>

Financial assets measured at amortised cost are represented by current assets excluding prepayments and accrued income.

Financial liabilities measured at amortised cost are represented by all short and long term liabilities excluding those measured at fair value and liabilities to HMRC.

Financial liabilities measured at fair value are represented by the deferred pension liability and deferred bonds and loan stock. The difference between the carrying amount and contractually obliged payments is:-

	Group		Parent	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Carrying amount	16,315	13,948	14,996	12,409
Contractual Obligations	16,370	14,043	14,996	12,409
	<u>(55)</u>	<u>(95)</u>	<u>-</u>	<u>-</u>

## 22 Post Balance Sheet Events

There are no Post Balance Sheet events to report.

## 23 Restricted Funds

### Group

	Income and Expenditure Reserve	Sales Reinvestment Reserve	Revaluation Reserve	Total
	£'000	£'000	£'000	£'000
Balance at 1 January 2020	86,077	1,080	9,604	96,761
Income and movement in market value of investments	24,905	-	-	24,905
Expenditure	(24,539)	-	-	(24,539)
Transfer	(2)	2	-	-
Transfer of revaluation reserve to unrestricted reserve	70	-	(70)	-
Balance at 31 December 2020	<u>86,511</u>	<u>1,082</u>	<u>9,534</u>	<u>97,127</u>

	Income and Expenditure Reserve	Sales Reinvestment Reserve	Revaluation Reserve	Total
	£'000	£'000	£'000	£'000
Balance at 1 January 2019	76,239	1,072	9,673	86,984
Income and movement in market value of investments	31,376	-	-	31,376
Expenditure	(21,599)	-	-	(21,599)
Transfer	(8)	8	-	-
Transfer to income and expenditure reserve	69	-	(69)	-
Balance at 31 December 2019	<u>86,077</u>	<u>1,080</u>	<u>9,604</u>	<u>96,761</u>

There are no restricted funds in the parent entity.

**24 Analysis of Net Assets between Funds**

	Restricted Funds	Group Unrestricted Funds	Total	Parent Unrestricted Funds	Total
	£'000	£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Properties	177,679	2,342	180,021	2,342	2,342
Property schemes in progress	10,497	-	10,497	-	-
Motor vehicles & equipment	444	103	547	103	103
Intangible Fixed Assets	-	278	278	278	278
Homebuy Loans	2,356	-	2,356	-	-
Investments	3,198	461,192	464,390	461,192	461,192
Current Assets Less Liabilities	(97,047)	(18,592)	(115,639)	(18,592)	(18,592)
Total Net Assets	97,127	445,323	542,450	445,323	445,323

**At 31 December 2019**

	Restricted Funds	Group Unrestricted Funds	Total	Parent Unrestricted Funds	Total
	£'000	£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Properties	178,092	2,342	180,434	2,342	2,342
Property schemes in progress	6,793	-	6,793	-	-
Motor vehicles & equipment	449	148	597	148	148
Intangible Fixed Assets	-	234	234	234	234
Homebuy Loans	2,392	-	2,392	-	-
Investments	2,763	441,110	443,873	441,110	441,110
Current Assets Less Liabilities	(93,728)	(15,669)	(109,397)	(15,669)	(15,669)
Total Net Assets	96,761	428,165	524,926	428,165	428,165

**25 Capital Commitments**

At the balance sheet date, commitments made by JRHT in relation to the construction or refurbishment of property amounted to £7.824m (2019: £11.055m).

**26 Related Party Transactions****Joseph Rowntree Housing Trust (JRHT) - Related Party Transactions****(a) Loans**

Outstanding loans to JRHT at 31 December 2020 amounted to £172,368 (2019: £233,033). Loans advanced were £nil and loan repayments amounted to £60,635. Interest charged on loans to JRHT during the year was £14,464 (2019: £18,512). These loans are included in investments in the parent (JRF) balance sheet.

**(b) Loan Facility**

JRF provides a facility for up to £15,000,000 to JRHT, for any short term cash flow requirements, negating the need to source external funding. Interest will be charged at market value rates, taking external advice as necessary. As at 31 December 2020, none of this facility had been drawn (2019: £Nil).

**(c) Grants**

JRF provided a bursary support grant of £314,000 to JRHT in 2020. The amount provided in 2019 was £314,000.

JRF provided a revenue support grant to JRHT in 2019 of £1,494,000 (2020: Nil).

JRF provided a grant to JRHT in 2020 to fund early-stage costs of its house building programme of £271,000. This is the first drawdown of grants of up to £50m agreed with JRHT to create 1,000 new homes over 10 years.

JRF provided a grant to JRHT in 2019 to fund capital works required to improve Fire Safety within Housing Properties of £360,000 (2020: Nil).

JRF provided a grant of £396,000 to JRHT in 2020 towards the direct running costs of heritage assets. The amount provided in 2019 was £497,000

**(d) Overhead Recharge**

An overhead recharge was charged by JRF to JRHT during the year. The amount of the recharge in 2020 was £2,350,000 (2019: £2,343,000)

**27 Clifton Estate Limited (CE) - Related Party Transactions**

JRF holds all the share capital of CE, a property management and development company operating in York. At the year end, two of the Directors of CE were also Trustees of JRF. No Trustee or Director received any payment in respect of this service.

**28 Trustees' Related Party Transactions**

During the year and in recognition of their services to the organisation, Trustees were permitted to recommend organisations which should be considered for a one off donation. Each Trustee was allowed to make recommendations not exceeding £5,000. No donations were made during the year where the recipient organisation was related to the Trustee.

In 2019 the following donation was made where the recipient organisation is related to the Trustee:-

**2019**

<b>Trustee name</b>	<b>Recipient</b>	<b>Amount</b>	<b>Relationship with recipient organisation</b>
Graham Millar	Kyra Women's Project	£1,000	Family Member is a Trustee

During 2020, the following organisations where Trustees have an interest were recipients of grants from JRF:-

<b>Trustee(s) name</b>	<b>Recipient</b>	<b>Amount</b>	<b>Relationship with recipient organisation</b>
Maureen Loffill and Graham Millar	University of York	£13,950	Members of Court
Saphié Ashtiany	JRF and the Nationwide Foundation have funded a project by the Frameworks Institute aimed at developing and implementing an evidence-based communications strategy which will increase public demand to act on housing issues that affect people in need. The total costs of the project (US\$494,400) are being split evenly.	£210,000	Trustee and Chair

**29 Directors' Related Party Transactions**

During 2019, the charity Involve was commissioned by JRF, at a cost of £111,822, to co-design solutions to in-work poverty. Claire Ainsley, Executive Director of JRF during 2019 is a Trustee of this charity. Additional oversight of the awarding of this grant was put in place to ensure there was no conflict of interest.

**30 Merger**

As documented in note 3 to the accounting policies, on 1 January 2020, Joseph Rowntree Foundation (JRF) became the legal parent of Joseph Rowntree Housing Trust (JRHT), following the incorporation of these two entities. Merger accounting was applied at this point. The analysis of the principal components of the Statement of Financial Activities for each party to the merger for the year ending 31 December 2020 is shown below, alongside the adjustments and reclassifications required to ensure the consolidated results are prepared in line with the Charities SORP.

The adjustments comprise:

- (i) Accounting for Government Grants- Within the JRHT accounts government grants are accounted for on an accruals basis. Under the Charities SORP this policy is not available, and as such the results of JRHT have been adjusted to recognise these items on a performance basis. At 1 January 2020 the performance obligations in respect of the majority of these grants had been deemed to be met, and as such an adjustment was posted to release these balances into restricted funds.
- (ii) Removal of intra group transactions- Within the JRF and JRHT individual accounts there were a number of related party transactions. These have been eliminated on consolidation.

The reclassifications are the reanalysis of JRHT income and expenditure such that the consolidated financial statements are presented in line with the Charities SORP and comprise of:

- (i) Investment property movements (being the gain on revaluation. Income and expenditure from the properties) have been reclassified to account for these as investments on consolidation.
- (ii) Interest receivable has been reclassified to investment income within the Statement of Financial Activities.
- (iii) Interest payable and taxation have been reclassified to total operating costs.

	JRHT £'000	JRF £'000	2019 Adjustments Total at 1 January 2020 £'000	Reclassification at 1 January 2020 £'000	Balance brought forward to Group £'000	
Turnover	28,809	-	28,809	2,499	(31,308)	-
Total incoming resources	-	7,928	7,928	6	29,298	37,232
Operating costs	(21,804)	-	(21,804)	2,127	19,677	-
Total resources expended	-	(19,934)	(19,934)	327	(21,599)	(41,206)
Interest receivable	169	-	169	(90)	(79)	-
Interest payable	(1,990)	-	(1,990)	84	1,906	-
Taxation	(27)	-	(27)	-	27	-
Other Comprehensive income	-	(1,454)	(1,454)	-	-	(1,454)
Investment Movements	-	55,681	55,681	-	2,078	57,759
Total Comprehensive income	5,157	42,221	47,378	4,953	-	52,331

**30 Merger (continued)**

The aggregate book value of net assets for each party as at 1 January 2020 is shown below

	JRHT	JRF	2019 Adjustments	Reclassification	Balance brought forward to	
	£'000	£'000	Total at 1 January 2020	at 1 January 2020	Group	£'000
			£'000	£'000	£'000	£'000
<b>Fixed Assets</b>						
Tangible Assets	185,333	2,490	187,823	-	-	187,823
Intangible Assets	-	235	235	-	-	235
Homebuy Loans	2,392	-	2,392	-	-	2,392
Investments	2,763	441,343	444,106	(233)	-	443,873
	190,488	444,068	634,556	(233)	-	634,323
<b>Current Assets</b>						
Properties held for sale	944	-	944	-	-	944
Stock	93	-	93	-	-	93
Debtors	2,017	920	2,937	-	-	2,937
Cash and Cash Equivalents	4,097	782	4,879	-	-	4,879
	7,151	1,702	8,853	-	-	8,853
<b>Current Liabilities</b>						
Creditors: Amounts falling due within one year	(5,342)	(5,125)	(10,467)	545	-	(9,922)
<b>Net Current Liabilities</b>	1,809	(3,423)	(1,614)	545	-	(1,069)
<b>Total Assets Less Current Liabilities</b>	192,297	440,645	632,942	312	-	633,254
<b>Creditors: Amounts falling due after more than one year</b>	(135,507)	(404)	(135,911)	39,992	-	(95,919)
<b>Net Pensions Liability</b>	-	(12,409)	(12,409)	-	-	(12,409)
	56,790	427,832	484,622	40,304	-	524,926
<b>Funds</b>						
Restricted Funds	56,790	-	56,790	39,971	-	96,761
Unrestricted Foundation Capital	-	427,832	427,832	333	-	428,165
<b>Total Funds</b>	56,790	427,832	484,622	40,304	-	524,926



**COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL  
ACTIVITIES**

		<b>Restricted</b>	<b>Unrestricted</b>	<b>2019</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>	<b>Total</b>
				<b>£'000</b>
<b>INCOME AND ENDOWMENTS FROM:</b>				
Investments	1	169	7,932	8,101
Charitable Activities				
Housing Association turnover	9	29,129	-	29,129
Other income	2	-	2	2
<b>TOTAL INCOME</b>		<b>29,298</b>	<b>7,934</b>	<b>37,232</b>
<b>EXPENDITURE ON:</b>				
Raising funds - investment management	3	(8)	(6,265)	(6,273)
Charitable activities				
Grant commitments	4	-	(3,176)	(3,176)
Support and governance costs	5	-	(10,166)	(10,166)
Housing Association operating costs	9	(21,591)	-	(21,591)
<b>TOTAL EXPENDITURE BEFORE INVESTMENT MOVEMENTS</b>		<b>(21,599)</b>	<b>(19,607)</b>	<b>(41,206)</b>
<b>NET EXPENDITURE BEFORE INVESTMENT MOVEMENTS</b>		<b>7,699</b>	<b>(11,673)</b>	<b>(3,974)</b>
<b>Other Comprehensive income</b>				
Actuarial Loss in respect of Social Housing Pension Scheme	8	-	(1,259)	(1,259)
Re-measurement of Social Housing Pension obligation	8	-	(195)	(195)
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>(1,454)</b>	<b>(1,454)</b>
<b>Investment Movements</b>				
Gain on Quoted Investments	12	-	56,355	56,355
Gain on Other Investments	12	-	(1,020)	(1,020)
Gain/(Loss) on Directly Managed Investment Properties	12	2,078	346	2,424
<b>TOTAL INVESTMENT MOVEMENTS</b>		<b>2,078</b>	<b>55,681</b>	<b>57,759</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>9,777</b>	<b>42,554</b>	<b>52,331</b>
Total Funds brought forward at 1 January		86,984	385,611	472,595
<b>TOTAL FUNDS CARRIED FORWARD AT 31 DECEMBER</b>		<b>96,761</b>	<b>428,165</b>	<b>524,926</b>

The Statement of Financial Activities includes all gains and losses recognised in the period. All income and expenditure derives from continuing activities.