

Registered number: NI019019
Charity number: 101763

The Halifax Foundation for Northern Ireland
(Company Limited by Guarantee)

Annual report and financial statements
for the year ended 31 December 2022

The Halifax Foundation for Northern Ireland

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The Halifax Foundation for Northern Ireland

References and administrative details of the Charity

Trustees/directors

Chair

Gillian Boyd (Appointed as chair 16 March 2023)

Barry Connolly (Appointed as chair 08 June 2022, Resigned as chair 16 January 2023)

Paula Leathem (Resigned as chair 08 June 2022)

Deputy Chair

Brenda Kelly

Trustees

Gillian Boyd

Barry Connolly

Dionne Darragh (Resigned 17 April 2023)

Jenny Ebbage

Rebecca Hume (Appointed 21 September 2022)

Brenda Kelly

Paula Leathem (Resigned 27 June 2022)

Aine McCoy

Niall Parfitt

Michael Prendergast

Melvin Slaine

Ken Simpson (Resigned 20 May 2023)

Finance, Audit, Investment & Risk Committee

Michael Prendergast (Chair)

Barry Connolly

Rebecca Hume

Grants Committee

Brenda Kelly (Chair)

Niall Parfitt

Melvin Slaine

HR, Governance & Nominations Committee

Jenny Ebbage (Chair)

Gillian Boyd

Aine McCoy

Company Secretary & Chief Executive

Brenda McMullan

Registered Office/Principal Office

2 North Queen Street

Belfast

Northern Ireland

BT15 1ES

Solicitors

Edwards & Co. Solicitors

28 Hill Street

Belfast

BT1 2LA

Bankers

Danske Bank

Donegall Square West

Belfast

BT1 6JS

Independent Auditors

Deloitte LLP

2 New Street Square

London, United Kingdom

EC4A 3BZ

The Halifax Foundation for Northern Ireland

Chair's report for the year ended 31 December 2022

The year began with an air of positivity as the impact of COVID-19 had started to loosen its grip on society, not least the community and voluntary sector here in Northern Ireland. However, another crisis was brewing that would deal another hammer blow to the Sector in the form of the cost-of-living crisis. Electricity and gas costs substantially increased for community venues, as well as increased rent costs for many. Once again, we highlighted our commitment to our grantees, flexing budgets to suit the soaring core costs. We were elated when having approached our sole donor, Lloyds Banking Group with our concerns, that they remained true to their aim of being 'by your side'. They donated an additional £107,000 in funding to directly support our groups with cost-of-living support, for which we are most grateful.

In 2022, Lloyds Banking Group plc transferred to the Foundation £1,375,206 as part of its ongoing commitment to support our charitable activities. This figure includes a total of £26,101 of in-kind income, supporting the audit and administration of the Foundation, as well as the cost-of-living support payment of £107,000. The Board of the Foundation is most grateful to the directors, management, and staff of Lloyds Banking Group plc for the continuity and stability of this funding; funding which allowed us to continue to provide funding to the charity sector during an extremely pressured time.

Through our Community Grants platform, we continued to offer support to charities working specifically with disadvantaged and disabled people. In keeping with Charity Commission guidance, we only accept applications from organisations that are either formally registered as charities or are in the process of doing so, the latter being included on the Charity Commission's "combined list". In addition, our broadened portfolio of grants also continued, including Large, three-year grants and Special Initiatives, two-year infrastructure awards as we planned to in our strategy 'A Vision for the Future' 2020 – 2023.

During the year, we received 360 applications, and offered grants to 231 organisations (2021: 176) totalling £1,286,747. This exceeded our target set of 200 organisations supported. The number of applications represents an increase on the previous year of 31% which we believe is evidence of the sector reigniting following on from the uncertainty brought about by the continuing COVID-19 restrictions, but also highlights the need for additional support due to the cost-of-living crisis. Grantees told us on their application forms that a total of 235,584 people would benefit from our funding (250,000 beneficiary target). A full list of our awarded grants can be found on our website at <https://www.halifaxfoundationni.org/recently-funded-grants-360-giving>.

We continued to administer the Matched Giving Programme for Bank employees. In this arrangement, the Foundation matches both the cash sums raised for chosen charities by Halifax Bank staff. As face-to-face fundraising continued to decrease for a second year, colleagues became more creative and innovative in finding ways they could continue to support charities close to their hearts during this turbulent time. They took part in wild water swimming, singing events, gaming tournaments, cycling, running and walking challenges, to name but a few. We are most proud of their efforts. In 2022, 146 awards were made under the Matched Giving Programme, totalling £54,081 for local charities.

The success of the above programmes and initiatives during the year, is the result of the continuing dedication and hard work of the Officers of the Foundation. On behalf of all of the Trustees, I would like to express our great appreciation of their efforts. My own personal thanks must also go to all of our invaluable Trustees, who give unstintingly of their time and expertise to ensure that we maintain good governance standards, meet our objectives successfully, and also operate as efficiently and effectively as possible. This year, we welcomed one new Trustee – Rebecca Hume who is already having an extremely positive impact on the Foundation. Our thanks also go to our outgoing Chair, Paula Leatham for her wise counsel over the past nine years serving as a Trustee. Our thanks also go to Dionne Darragh and Ken Simpson who stepped down recently. And to Barry Connolly, Chair of the Foundation from June 2022 – February 2023. We are delighted that Barry will remain a Trustee of the Foundation.

Sincere thanks go to our patron Jim McCooe, who served as a trustee of the Foundation from 2010 – 2019 and became our patron in 2022. Jim continues to support the Foundation in building a strong relationship with the Bank and is an excellent ambassador for the Foundation. We wish Jim every happiness as he retires from the Bank in June, and as patron.

In closing, it has been a very rewarding few months for me as I take the Chair of the Foundation. As I embark on my sixth year with the Foundation, I look back over my tenure with pride and believe the Foundation has created a special space for itself in the funding community in Northern Ireland. I am all too aware of the challenges facing the community and voluntary sector as they continue to face into the cost of living crisis, as well as the impact of the lack of a functioning executive. We aim to be bold in tackling sector issues and searching for innovative ways to alleviate disadvantage and disability in all their aspects.



Mrs Gillian Boyd
Chair
09 June 2023

The Halifax Foundation for Northern Ireland

Trustees' Report (Incorporating the Directors' report) for the year ended 31 December 2022

The Trustees, who are also Directors of the charity for the purposes of the Companies Act 2006, submit their Annual Report and the audited Financial Statements for the year ended 31 December 2022. This Trustees' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. The trustees have adopted the provisions of the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 effective 1 January 2019) (Charities SORP (FRS 102)), in preparing the annual report and financial statements of the charity. The Statement of Financial Activities (SOFA) shows the gross income from all sources.

Objectives and activities

The Foundation is established to support charitable activities, principally in, but not limited to, Northern Ireland, including in particular the provision of support for disadvantaged or disabled people in order to:

- (a) advance education and training; and
- (b) promote the provision of facilities in the interest of social and community welfare.

The Foundation achieves this objective by awarding grants to charities on receipt of an official application form. All applications are then assessed against established criteria and awarded grants at the discretion of the Board of Trustees. The Community Grant Programme awards funding for a one-year period, although organisations may re-apply for future grants, providing monitoring and evaluation requirements have been met. Periodically, additional grant programmes are developed to respond to specific needs within the community. The Large Grants Programme awarded 3-year grant funding to 10 charities. The Special Initiatives Scheme was opened to groups supporting the third sector or large target group, supporting good governance

Public Benefit

In reviewing our aims, objectives and planning for future activities, the Trustees have taken into account the Charity Commission's general guidance on public benefit. The Trustees always ensure that the activities undertaken are in line with the charitable objectives and aims of the Halifax Foundation for Northern Ireland.

'Public Benefit' is the legal requirement that every organisation set up for one or more charitable aims must be able to demonstrate. In order for an organisation to be recognised, and registered, by the Charity Commission as a charity in Northern Ireland it must fulfil the requirements of the Public Benefit Test known as 'the public benefit requirement.'

The Foundation fulfils the following charitable purposes for the public benefit: the prevention or relief of poverty; the advancement of education; the advancement of health or the saving of lives; the advancement of citizenship or community development; the advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity, and; the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage.

The Foundation invites applications for the funding of grants from organisations with recognised charitable status. These applications are then reviewed against specific criteria and objectives which are set by the Trustees, in accordance with the objects of the Foundation. The Foundation was recognised, and registered, by the Charity Commission as a charity in Northern Ireland on 1st June 2015.

Achievements and performance

A review of the charity's achievements and performance is included in the Chair's report on page 2.

The Halifax Foundation for Northern Ireland

Trustees' Report (Incorporating the Directors' report) for the year ended 31 December 2022 (continued)

Financial review

The company had net expenditure for the year of £475,574 (2021: net income of £481,120) this is including a loss on revaluation of investments held in shares of £255,531 (2021: gain of £210,483).

Grant making policy

The Foundation's grant programmes are approved by Trustees. The Foundation will only accept applications from registered charities operating in Northern Ireland. All programmes involve an application process. Applications are assessed by grants staff, including robust assessment of governance. Internal challenge meetings are held with the grants team and Chief Executive. A Grants Committee (made up of four trustees) meets to review recommendations from the Grants team. Final ratification of all recommendations is sought by the full Board of Trustees before decisions are shared with applicants. The applicant's Chairperson must sign up to Terms & Conditions before funding is released via bacs payment. All grantees must complete an evaluation report, outlining expenditure, performance, and impact. Grantees must demonstrate the direct benefits their work has on people in need via monitoring and evaluation which the grants team thoroughly review.

Results

Lloyds Banking Group plc shareholding

The Foundation is principally funded by annual donations received under deed of covenant from Lloyds Banking Group plc. Under the term of the covenant the Foundation was allocated 4,329,276 limited voting shares in Lloyds Banking Group, recognised as ordinary shares in 2017. The share portfolio has since been diversified and at the year end, the Foundation held 1,404,000 shares in Lloyds Banking Group. No further limited voting shares are held by the Foundation and therefore no similar income is due from the Lloyds Banking Group plc.

The market value of the investments held at 31 December 2022 was £1,654,857 (2021 £2,056,650). During the financial year, the charity disposed of £518,528 (2021 £195,484), in line with our investment policy to obtain a low risk, diverse portfolio at our investment managements discretion.

The Foundation received £1,375,206 (2021: £1,529,088) under deed of covenant of which £26,101 relates to Gifts in Kind (2021: £12,155), dividend income of £70,037 (2021: £60,794) and a one off payment to support cost of living increases grantees were facing of £107,000.

After expenditure of £1,688,329 (2021: £1,324,901) the net outgoing resources before adjustment for movement in market value of shares amounted to £(255,531) (2021: £210,483). The net outgoing resources and decrease in market value of shares have been added to the unrestricted funds brought forward giving a balance of £2,358,111 (2021: £2,833,686) at the balance sheet date.

The Foundation supported a total of 231 (2021: 176) organisations through the Community Grants Programme, Large Grants and Special Initiatives Programmes, with total direct beneficiaries of 235,584 (2021: 289,168).

The Foundation anticipates supporting in the region of 300 organisations in 2023, and approximately 150,000 beneficiaries.

Reserves policy and going concern

The Foundation is principally funded by an annual donation received under a deed of covenant from Lloyds Banking Group plc. The Board of Trustees approves applications for grants at its quarterly meetings, having regard to the level of reserves required to meet its administrative expenses over the period until the next year's income is received. The Foundation keeps its Reserves Policy under review.

The Trustees have reviewed the Foundation's projected budgets and are comfortable that adequate funding is in place to ensure the Foundation can continue its operations and the financial statements can be signed off as a going concern.

The Foundation aims to maintain a reserve level of 6 months running costs of £173,525, 1 quarter budgeted grants of £385,000 including £110,000 of committed grants and wind-up costs £214,283 which amounts to £772,808. Actual reserves held as of 31st December 2022 were £2,358,111 (2021: £2,833,686). Trustees plan to spend down investments over the next number of years.

The Halifax Foundation for Northern Ireland

Trustees' report (Incorporating the Directors' report) for the year ended 31 December 2022 (continued)

Financial review (continued)

Reserves policy and going concern (continued)

Reserves will be utilised to support the community and voluntary sector with grant funding, as well as supportive initiatives to strengthen the third sector.

Investment policy

The Trustees have the power to invest in such assets as they see fit within their investment policy (e.g. ethical policy). The Board of Trustees have continued to diversify their investment portfolio and have engaged with independent financial advisers Investec to manage their portfolio with a discretionary mandate which is low risk. The Investment Policy outlines the Trustees' desire to diversify the portfolio, with the ability to draw down up to £450,000 per annum over the next 6 years to top up the Foundations grant giving. Direct equity investments in tobacco, alcohol and gambling should be precluded. The Trustees accept that some exposure may exist within collective funds.

On advice from external investment managers, the Board have continued to sell Lloyds Banking Group shares in tranches. As the market remains volatile, a holding of 771,700 shares in Lloyds Banking Group remains at year end.

Taxation status

The Foundation is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes. The charity is not registered for VAT and accordingly, all its expenditure is recorded inclusive of any VAT incurred.

Structure, governance and management

Constitution

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding-up is limited to £1. The charity is governed by its Memorandum and Articles of Association.

Registration

The Halifax Foundation for Northern Ireland is the registered name of the charity. The Charity is registered with the Charity Commission for Northern Ireland. The Registered Charity Number is 101763 and the Company Registration Number is NI 019019. The Registered Office is 2 North Queen Street, Belfast, Northern Ireland, BT15 1ES.

Relationship with Lloyds Banking Group

The Trustees continued to work strategically with our Funder, Lloyds Banking Group. To ensure the ongoing success of the Foundation the Trustees were delighted to sign an agreement in 2017, which provided stability. The Trustees proposed to utilise an element of current reserves, and income from the sale of investments during 2022 to continue to provide grants to the local community.

Pay and remuneration of key management personnel

The key management personnel of the Foundation received remuneration of £105,893 (2021: £63,873).

The HR, Governance and Nominations (HRGN) Committee determines the remuneration packages and terms and conditions of both the Chief Executive Director on appointment and recommends to Trustees the salary for the forthcoming year. Pay setting is calculated by research on market indicators.

The Halifax Foundation for Northern Ireland

Trustees' report (Incorporating the Directors' report) for the year ended 31 December 2022 (continued)

Trustees

The Trustees who acted during the year and up to the date of signing these financial statements are shown on page 1.

Potential candidates for appointment as Trustees are considered by the HRGN Committee, which makes recommendations to the Board of Trustees for up to nine Trustees. A further three Trustees are appointed by Lloyds Banking Group. Appointments, once made, are notified to the Lloyds Banking Group Board. Appointments to the Board are made with due regard to maintaining a gender, geographical, social and skills mix in respect of its membership. New Trustees receive a formal Induction Programme as well as ongoing training to include GDPR, Cyber Security, Diversity and Safeguarding training.

At the date of signing the Annual report there are currently 9 trustees.

The Board of Trustees meets quarterly to approve grants and to determine the Foundation's policies. In addition, a Board Meeting to focus on strategic planning takes place annually.

The Board is assisted by a number of sub-committees, which have Terms of Reference approved by the Board, to which they report on their meetings and other activities. The role of the **Finance, Audit, Investment & Risk Committee** is to satisfy themselves that any financial statements published by the Foundation follow approved accounting principles, to oversee the investments portfolio of the Foundation and give an accurate account of the Foundation's affairs. The Committee meets quarterly, or more often if required. The role of the **Human Resources, Governance and Nominations Committee** is to make recommendations to the Board on the appointment of new Trustees, makes recommendations to the Board for the remuneration of staff and HR matters that arise and ensure great governance arrangements are in place. The Committee meets quarterly, or more often if required. The **Grants Committee** along with the Foundation's Officers analyses all applications for grants and make funding recommendations to the Board. All sub-committees meet on eight occasions per year.

Within an agreed strategic framework all operational issues fall within the remit of the Board of Trustees. Day to day operations are delegated to the Chief Executive.

Risk management

The Board of Trustees has assessed the principal risks to which the Foundation is potentially exposed in particular those relating to its operations and finances. It is recognised that risk management is an on-going activity involving all Trustees and Officers, and it has been established as a quarterly agenda item for the Finance, Audit, Investment & Risk Committee, reviewed annually by the Board. Specific aspects of risk are reviewed by the Board of Trustees on a structured basis with a quarterly report to the Finance, Audit, Investment and Risk Committee. The Board is satisfied that systems are in place to mitigate these risks.

The principal risk facing the Foundation is that of the performance of Lloyds Banking Group. This could impact the level of donation received by the Foundation. This is mitigated by a minimum payment agreed by the bank and maintaining close communications with the bank.

Another principal risk facing the Foundation is the performance of its investment portfolio. This could impact on the level of funds available in future years. This is mitigated by appointing an investment manager, tasked with diversifying the portfolio and a low risk investment strategy.

Impact of Cost-of-Living Crisis

Halifax Foundation for Northern Ireland have seen an increase in applications for support which may be attributed to charities facing increased core costs brought on by the cost-of-living crisis. Furthermore, many grantees reported that funding received by the Foundation no longer covered budget items as estimated due to increased core costs.

In response, Lloyds Banking Group committed an additional £107,000 to support current grantees of the Foundation. The team distributed an additional £500 payment to all live grants to cover additional costs brought about by the cost-of-living crisis.

The Trustees have assessed the going concern and have sufficient funding to continue for at least 12 months from the date of signing.

The Halifax Foundation for Northern Ireland

Trustees' report (Incorporating the Directors' report) for the year ended 31 December 2022 (continued)

Reference and administrative details

Detail of these are included on page 1.

Funds held as custodian trustee on behalf of others

There are no funds held as custodian trustee on behalf of others.

Plans for future years

The Foundation will continue to award grants to charitable organisations for the benefit of people in Northern Ireland who are disabled or disadvantaged. 2021 saw the launch of two new grant initiatives, the Large Grants Programme (3-year grant programme, awarding £50,000 to 10 charity applicants) and the Special Initiatives has been revised, awarding 2-year funding of £20,000 to 7 charity applicants. Both initiatives, together with the Community Grants Programme are in direct response to Sector need. All grants are awarded on the basis of evidence that the funding will have a positive impact on the beneficiaries. A review of the Foundation activities is detailed in the Chair's Report on page 2.

All organisations that receive a grant are required to demonstrate the direct benefits their work has on people in need via monitoring and evaluation which the assessment team thoroughly review. A review of the Foundation activities is detailed in the Chair's Report on page 2.

Directors'/Trustees' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Statement of trustees' responsibilities

The trustees (who are also directors of The Halifax Foundations for Northern Ireland for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Halifax Foundation for Northern Ireland

Trustees' report (Incorporating the Directors' report) for the year ended 31 December 2022 (continued)

Statement as to disclosure to our auditors

In so far as the trustees are aware at the timing of approving our trustees' report:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Small company exemption

The Trustees have prepared this report in accordance with special provisions relating to small sized companies with Part 15 of the Companies Act 2006.

The Trustees have taken advantage of the small companies' exemption, in accordance with section 414B of the Companies Act 2006, from including a separate Strategic Report in these financial statements.

Independent auditors

Halifax Foundation for Northern Ireland appointed Deloitte as their independent auditor from 2021 at the Annual General Meeting in 2020.

Approved by the Board of Directors and signed on behalf of the Board on:



Mrs Gillian Boyd
Chair/Trustee
09 June 2023