

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 2023

The Halifax Foundation for Northern Ireland

Annual report and financial statements for the year ended 31 December 2023

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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 (Resigned as chair 16 January 2023)

Deputy Chair

Brenda Kelly

Trustees

Gillian Boyd

Aidan Bennett (Appointed 29 June 2023)

Barry Connolly

Dionne Darragh (Resigned 17 April 2023)

Jenny Ebbage

Angela Hodgkinson (Appointed 29 June 2023)

Rebecca Hume

Brenda Kelly

Aine McCoy

Michael Mulhern (Appointed 20 September 2023)

Niall Parfitt

Michael Prendergast

Melvin Slaine

Ken Simpson (Resigned 20 May 2023)

Finance, Audit, Investment & Risk Committee

Michael Prendergast (Chair)

Aidan Bennett

Barry Connolly

Rebecca Hume

Grants Committee

Niall Parfitt (Chair)

Angela Hodgkinson

Brenda Kelly

Melvin Slaine

HR, Governance & Nominations Committee

Jenny Ebbage (Chair)

Gillian Boyd

Aine McCoy

Michael Mulhern

Company Secretary & Chief Executive

Brenda McMullan

Registered Office/Principal Office

2 North Queen Street

Belfast

Northern Ireland

BT15 1ES

Bankers

Danske Bank

Donegall Square West

Belfast

BT1 6JS

Solicitors

Edwards & Co. Solicitors

28 Hill Street

Belfast

BT1 2LA

Independent Auditors

Deloitte LLP

Abbots House, Abbey St

Reading, United Kingdom

RG1 3BD

The Halifax Foundation for Northern Ireland

Chair's report for the year ended 31 December 2023

I take great pleasure in giving my chair's report and I am delighted to report that the Foundation has had another successful year. As we embarked on the last year of our strategy, 'A Vision for the Future 2020 - 2023', the need for our support was evident. In 2023, applications received for support soared, with a 22% increase on the previous year. Our small team worked extremely hard to offer ongoing funding to many worthy charities in all parts of Northern Ireland.

In 2023, Lloyds Banking Group plc transferred to the Foundation £1,495,685 as part of its ongoing commitment to support our charitable activities. This figure includes a total of £24,666 in-kind income, supporting the audit and administration of the Foundation. 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 people in greatest need. In keeping with Charity Commission guidance, we only accept applications from organisations that are formally registered as charities. During the year, we received 465 applications, and offered grants to 321 charities (2022: 231) totalling £1,432,034 (2022: £1,286,747). This exceeded our target set of 300 organisations supported and represents an increase on the previous year of 39% which we believe is evidence of the sector continuing to grapple with the cost-of-living crisis; the continued onset of COVID; the lack of a functioning executive and statutory cuts that were announced during the year. Grantees told us on their application forms that a total of 210,719 people would benefit from our funding (150,000 beneficiary target). A full list of our awarded grants can be found on our website: <https://www.halifaxfoundationni.org/impact>.

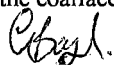
The Large Grants Programme entered its third and final year in 2023. This programme supported 10 charities with grants of approximately £50,000, whilst also providing charity leaders with mentoring, offered in partnership with Lloyds Banking Group. Through our strong partnership with Lloyds Banking Group, we have been fortunate to offer a range of initiatives aimed at helping charities thrive beyond the lifetime of their grant. Initiatives include mentoring, training, charity response forums and skills exchange programmes. We are extremely grateful to Lloyds Banking Group for helping us to provide support beyond funding alone.

Charities successful in obtaining funding available through our infrastructure support, the Special Initiatives Programme came to an end in 2023. The impact of this funding was far reaching with grants supporting coaching training for third sector leaders; financial management videos; volunteer management training and legacy fundraising support, to name but a few. Trustees of the Foundation recognise that financial support for third sector infrastructure is vital in maintaining a vibrant and resilience sector.

We continued to administer the Matched Giving Programme for Lloyds Banking Group/Halifax employees. In this arrangement, the Foundation matches both the cash sums raised for chosen charities of Bank staff as well as volunteering hours at the rate of £10 per hour. Colleagues were as creative as ever, finding innovative ways in which they could continue to support charities close to their hearts. We are most proud of their efforts. In 2023, 165 awards were made (2022:146), totalling £66,132 (2022: £54,081).

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 three new Trustees – Aidan Bennett, Angela Hodgkinson and Michael Mulhern who are already having an extremely positive impact on the Foundation. Our thanks goes to Dionne Darragh and Ken Simpson who stepped down in 2023. Sincere thanks also go to our outgoing Patron Jim McCooe. Jim supported the Foundation in building a strong relationship with the Bank and was an excellent ambassador for the Foundation. We wish Jim every happiness in his retirement.

In closing, it has been a very rewarding year for me, as Chair of the Foundation. As I embark on my seventh 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 and as such, we will embark on our new strategy, 'Better Together 2024 – 2028', which provides a suite of grant programmes funding charities on the coalface, supporting those in greatest need.



Mrs Gillian Boyd
Chair
13 June 2024

The Halifax Foundation for Northern Ireland

Trustees' Report (Incorporating the Directors' report) for the year ended 31 December 2023

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 2023. 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 2011 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 people in greatest need 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. This scheme came to a close in 2023.

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 2023 (continued)

Financial review

The company had net expenditure for the year of £244,592 (2022: net expenditure of £475,574) this is including gains on revaluation of investments held in shares of £27,619 (2022: loss of £255,531).

Grant making policy

The Foundation's grant programmes are approved by Trustees. The Foundation will only accept applications from registered charities. 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, 237,490 shares in Lloyds Banking Group remained. 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 2023 was £1,695,285 (2022 £1,654,857). During the financial year, the charity disposed of £957,600 (2022 £518,528), in line with our investment policy to obtain a low risk, diverse portfolio at our investment managements discretion.

The Foundation received £1,495,685 (2022: £1,375,206) under deed of covenant of which £24,666 relates to Gifts in Kind (2022: £26,101), dividend income of £68,191 (2022: £70,037).

After expenditure of £1,864,976 (2022: £1,688,329) the net outgoing resources before adjustment for movement in market value of shares amounted to (£272,211) (2022: (£220,043)). The net outgoing resources and increase in market value of shares have been added to the unrestricted funds brought forward giving a balance of £2,113,519 (2022: £2,358,111) at the balance sheet date.

The Foundation supported a total of 322 (2022: 231) organisations through the Community Grants Programme and Large Grants, with total direct beneficiaries of 350,745 (2022: 235,584).

The Foundation anticipates supporting in the region of 300 organisations in 2024, 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 for at least 12 months and the financial statements can be signed off as a going concern.

The Foundation aims to maintain a reserve level of 3 months running costs of £79,753, 1 quarter budgeted grants of £244,820, totalling £324,573. Actual reserves held as of 31st December 2023 were £2,113,519 (2022: £2,358,111). Trustees plan to spend down surplus reserves held in investments over the next 5 years, as part of their new strategy, 'Better Together' 2024 – 2028.

The Halifax Foundation for Northern Ireland

Trustees' report (Incorporating the Directors' report) for the year ended 31 December 2023 (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 support and strengthen grantee's resilience.

Investment policy

The Board of Trustees continue to receive advice from Investec Wealth & Investment as Discretionary Fund Managers, on the basis of a low risk profile to achieve a balanced return objective.

The Investment Policy of the Foundation outlines the Trustees' desire to diversify the portfolio, with the ability to draw down funds annually over the next 5 years to align with the new Strategy of the Foundation and 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.

The objectives have been achieved by investing prudently in a range of government bonds.

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 2023 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 (2022: £63,873).

The HR, Governance and Nominations (HRGN) Committee determines the remuneration packages and terms and conditions of both the Chief Executive and Grants Manager 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 2023 (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, and Safeguarding.

At the date of signing the Annual report there are currently 12 trustees.

The Board of Trustees meets quarterly 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 good 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. The committee meets 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 ongoing 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.

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

The Halifax Foundation for Northern Ireland

Trustees' report (Incorporating the Directors' report) for the year ended 31 December 2023 (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 Community Grants Programme continued in 2023. Launched in 2021, the Large Grants Programme entered its final year in 2023. This 3-year grant programme, awarded approximately £50,000 to 10 charity applicants.) 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.

As the strategy period (2019 – 2023) drew to a close, the Trustees and Staff of the Foundation came together to plan the future direction of the Foundation. The strategy '*Better Together*' 2024 – 2028 was set and sees the launch of five exciting grant initiatives created in direct response to the community and voluntary sector needs. The Foundation will continue to award grants to charitable organisations for the benefit of people in Northern Ireland who are deemed as in greatest need.

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 FRS 102 (second edition – October 2019);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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

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

Trustees' report (Incorporating the Directors' report) for the year ended 31 December 2023 (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

A resolution concerning the appointment of Deloitte LLP as auditors to the Foundation will be proposed at the annual general meeting.

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



Mrs Gillian Boyd
Chair/Trustee
13 June 2024