

**ANNUAL REPORT**  
**and**  
**FINANCIAL STATEMENTS**  
**For the year ended**  
**31 DECEMBER 2008**

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Trustees and Directors**

(January 2008 to June 2009)

#### *Trustees*

Dame Ann Bowtell DCB  
Don Brand MBE  
Susan V Hartshorne  
Dr Ashok Jashapara  
Robert Maxwell CVO CBE  
Dame Mavis McDonald DCB  
Bharat Mehta OBE  
Nigel Naish  
Debby Ounsted (Chair)  
Tony Stoller CBE (Deputy Chair)

#### *Directors*

Paul Dack, Director of Finance  
Jacquie Dale, Director of Housing and Community Services  
Anne Harrop, Director of Policy and Research  
John Hocking, Executive Director of JRHT (from May 2009)  
Nigel Ingram, Director of Development and Property Services  
John Kennedy, Director of Care Services  
Julia Lewis, Director of Communications (from March 2008)  
Michael Sturge, Deputy Director (to December 2008)  
Julia Unwin CBE, Chief Executive

## Reference and administration information

### JRF Head Office

The Homestead  
40 Water End  
Clifton  
York  
YO30 6WP

### Bankers

HSBC  
PO Box 26  
13 Parliament Street  
York YO1 8XS

### Solicitors

Rollits  
Rowntree Wharf  
Navigation Road  
York YO1 9WE

### External Auditors

KPMG LLP  
No 1 The Embankment  
Neville Street  
Leeds LS1 4DW

### Internal Auditors

Mazars LLP  
Merchant Exchange  
Whitworth Street West  
Manchester M1 5WG

### Investment Fund Managers at June 2009

Schroder Investment Management  
Limited  
31 Gresham Street  
London EC2V 7QA

Jupiter Unit Trust Managers Limited  
PO Box 300  
West Malling  
Kent ME19 4YY

Sarasin and Partners LLP  
Juxon House  
100 St Paul's Churchyard  
London EC4M 8BU

Ruffer LLP  
80 Victoria Street  
London SW1E 5JL

## **Governing Document**

The Joseph Rowntree Foundation 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.

The Foundation is not incorporated, although the Trustees as a body are incorporated under Section 50 of the 1993 Charities Act.

Trustees set the strategic and policy direction; day-to-day management functions are the responsibility of Directors.

## **Joseph Rowntree Housing Trust**

The Joseph Rowntree Housing Trust was established as a separate charity from the Foundation in 1968. Its governing document is a Charity Commission Scheme which provides for the same Trustees and Directors as the Foundation, and also the same administration arrangements. All staff are employed by the Foundation.

## **Recruitment and Appointment of Trustees**

Under the Deed of Foundation the maximum number of Trustees is ten and the minimum number is six. There is no set term of office: the expectation is that Trustees will serve for a minimum of five years and normally for no more than 10 years (15 for the Chair and Deputy Chair).

In accordance with the arrangements established by Joseph Rowntree in 1904, Trustee appointments have traditionally been made alternately by the serving Trustees and the Religious Society of Friends ('the Society'). For all appointments since 2004 the Trustees and the Society established a joint 'Search Group', irrespective of the appointing body. The selection process has included external advertising.

Trustee induction and personal development arrangements are regularly reviewed and a specific budget is established for this purpose. Examples of personal development undertaken in the last year include 360-degree appraisals for the Chair, Deputy Chair and Chief Executive, attendance at specialist conferences, such as the NHF Annual Conference 2008, and the NHF Leaders Forum 2008. There is a programme of appraisal review sessions between each Trustee and the Chair.

## **Organisational Structure**

Four Trustee meetings were held in 2008, and also a Trustees' Away Day in October 2008. Sub-committees reported to the Trustees on Finance and Personnel, Remuneration, Audit and JRHT's operations via the JRHT Board.

This was a new structure, introduced in 2008. In addition to the formal governance Committees referred to above, three Strategy Groups have been established to advise Trustees on our search, demonstration and influencing work. The Strategy Groups advise on new areas of inquiry, and development as well as strategies and approaches for maximising influence. These groups meet twice a year on the themes of Poverty, Empowerment and Place, and include external members with particular knowledge and experience in the subject area.

## OBJECTIVES AND ACTIVITIES

The Joseph Rowntree Foundation is a leading independent funder of social research and development work in the UK. The Joseph Rowntree Foundation (JRF) and Joseph Rowntree Housing Trust (JRHT) work together to search for evidence and demonstrate solutions to improve:

- the circumstances of people experiencing poverty and disadvantage;
- the quality of their homes and communities; and
- the nature of the services and support that foster their well-being and citizenship.

Our purpose is to *search, demonstrate and influence* by undertaking programmes of work on key social policy issues, working with key stakeholders across the UK to influence policy, practice and the media; and, through our practical housing and care work, to demonstrate solutions. Our work focuses on the interconnected issues of poverty, empowerment and place.

We work in partnership with all sectors to understand the issues and find practical and realistic solutions that improve the lives of the most disadvantaged people across the UK. We ensure there is strong evidence for everything we say, and we present this evidence in a powerful but balanced, unbiased way.

### **JRF's historical legacy**

In these uncertain economic and political times, the purpose of JRHT and JRF has never been more relevant. The current recession is hitting our finances, but is also hitting people in poverty across the country. However, JRF and JRHT are long-term organisations, with a long-term commitment to change. Joseph Rowntree set up his trusts to search out the root causes of poverty and disadvantage, and JRF's enduring commitment is to continue efforts to improve society by helping those in poverty – and this is of even greater importance in these troubled times and going forward.

### **How our activities deliver public benefit**

Our main activities are described below. Our charitable activities focus on reducing poverty and disadvantage in the UK, and are undertaken to further our charitable purposes for (ultimate) public benefit. JRF aims to benefit the most disadvantaged people across the UK, through the provision of evidence and solutions on a range of subjects which we communicate to target audiences via a range of channels.

## Significant activities in 2008

Full details of the major activities under each of the areas of work are set out in the JRF Annual Review, which can be obtained from the website at <http://www.jrf.org.uk>.

*Aims and objectives in 2008, with highlights of the Foundation's work:*

### Poverty

***Aim:*** *to examine the root causes of poverty and disadvantage and identify solutions*

The JRF's enduring commitment is to understand the causes of poverty and disadvantage to help reduce it. Our work examines progress on poverty reduction, alongside research on possible solutions for the future.

Joseph Rowntree set up his trusts to search out the root causes of poverty and disadvantage. On this core theme, every year the JRF assesses progress made in the reduction of poverty and disadvantage, in good economic times and bad. The tenth anniversary report in our series mapped **trends in poverty and social exclusion** over the last decade. It concludes that while early improvement was made in some areas, momentum has not been sustained. There have been positive improvements, but from 1997 to 2002/03, 30 of 56 indicators improved, compared to just 14 since then. The recession – which began after this assessment of data from early 2008 – means future improvements will be harder to realise.

A separate study on **poverty and social exclusion in Scotland** found that while poverty among children and pensioners has fallen over the last decade, the number of working-age adults in poverty remains the same.

New research found that the **costs of child poverty** are £25 billion a year in higher spending on public services and benefits, lost taxes and lower earnings, alongside the social ills which stem from it. Work on **what is needed to end child poverty** showed that big improvements are needed in childcare, parents' skills, and the benefits and tax credits system, as well as more good-quality, flexible jobs. Finally, an updated assessment found that £4.2 billion would need to be spent to halve child poverty by 2010. Without further action, it could rise

again to 3.1 million by 2020. JRF's child poverty estimates have since been used in Treasury forecasts.

Two Viewpoints focusing on child poverty in Wales and Scotland emphasise actions that the devolved administrations could take, particularly in areas such as childcare, supporting parents to get and keep jobs and improving the flexibility and quality of jobs. The main policy changes still need to come from the UK government, however.

A particular challenge for reducing disadvantage is **people's attitudes towards poverty**. An examination of the relationship between the UK media and public ideas of poverty found that if media coverage challenges misperceptions, it could effectively generate public support for anti-poverty initiatives. We aim to change public perception of poverty in the UK, to build support for its eradication and last year received the MRS Research Award in collaboration with Ipsos/MORI. A media **guide for reporting poverty** produced with the Media Trust and the Society of Editors showed how disadvantage can be reported positively, without negative stereotyping.

Our study on **a minimum income standard for Britain (MIS)** this year updates for inflation the figures of last year's research, which was done with people from all levels of income. It sets minimum acceptable standards of income for people in the UK today. The standard blended expert advice and social consensus, and was hammered out by 39 groups of participants in early 2008. The MIS represents an important tool to promote fairness and well-being within social policy.

JRF and JRHT are formulating an **anti-poverty strategy** for residents of the Joseph Rowntree Housing Trust, on incomes and well-being. An assessment tool is being developed to check the impact of our housing policies on residents in poverty.

Potential escape routes from poverty are particularly relevant in an economic downturn. An examination of **doorstep lending** found that a not-for-profit service would be welcomed but initial funding and interest rates would be high, although it would save the consumer £50 per average loan. Another study assessed the policy of **work as a sustainable route out of poverty**. It found that earnings inequalities are showing signs of falling, Working Families Tax Credits did increase employment and wage mobility is increasing, but large wage gaps persist for some groups of migrants into the UK.

A factor linked to disadvantage is harmful alcohol consumption. This year, we looked at how damaging **attitudes to drinking** can be transmitted through society. A review of drinking trends showed that average consumption has increased over the past 15 years, while binge drinking has changed little.

However, young men's drinking has declined and that of women over 25 has greatly increased. A study of **lessons from other fields** showed that changing attitudes and behaviour requires long-term policy commitment and often means culture changes for the whole of society.

Finally, a new programme of work on forced labour was launched this year, following a 2007 study of **modern slavery in the UK**. That report was acclaimed by South African human rights advocator, the late Dame Helen Suzman. The programme will research the nature of forced labour and explore the experiences of those involved to suggest how victims can be supported, and future solutions.

## Place

*Aim: to contribute to the building and development of strong, cohesive and sustainable communities*

A shortage of affordable housing and rising levels of repossession affects communities. Our research examined possible solutions, and we also looked at building new communities and improving environments, through the work the Joseph Rowntree Housing Trust has done.

The JRF's Commission on **rural housing in Wales** made a number of suggestions to improve the supply and quality of affordable homes, including establishing a national network of rural housing 'enablers' to help identify needs, and more collaborative working between local authorities, government and the private sector. The Assembly Government Deputy Minister for Housing has agreed to act directly on a number of JRF's recommendations.

Work on the **Scottish housing system** reviewed ten years of policy and also fed into a national consultation. It showed that future improvements will need a greater focus on choice and control for households, rather than on providing specific types of housing. The study suggested there is a need to more effectively manage the system, to boost productivity, stabilise markets and reduce the environmental impact.

Different groups experience the housing market with varying difficulties. **Young people** can be particularly vulnerable to housing problems when they lack a support network. New research examined the issues, while a website gave them a voice. **Housing inequality** is affected by social class. Disadvantaged groups such as those moving out of care and people with disabilities can face particular

issues in accessing independent housing. Young people gave their views on the barriers to them **moving into independent housing** at a series of UK-wide events and a website. They told us that a flexible support network was crucial to enable them to successfully move to be independent and that there is a lack of affordable housing options for them.

Other groups are also vulnerable to housing difficulties. Work on the **effect of immigration on housing and neighbourhoods** found that affordable housing was crucial to migrants' welfare and integration. The study found that funding for community services should recognise the needs of new migrants, longer established isolated groups and disadvantaged white communities.

Keeping a home can be even more difficult in an economic downturn, whether in the private rented or owned sector, as years of JRF research have shown. A **safety net against repossession** for existing home-owners was mooted in one study. It suggested a new Sustainable Home-Ownership Partnership (SHOP) scheme, which could be funded by borrowers, lenders and government to insure home-owners and also link to the benefits system.

Economic difficulties can increase divisions within communities. The JRF aims to promote and encourage thriving communities, working in York and Yorkshire more widely. In **Bradford**, a **guide to community groups and services** has improved information within the district.

Although there was not much visible progress on site at **Derwenthorpe** – our sustainable mixed-income community on the edge of York – in 2008, it remained a very high priority.

In March, we created access to Phase 1 of the development, and during the spring proceeded to undertake extensive ecological and investigatory works in preparation of a major start.

The development has since been affected by problems in the housing market and has experienced further delays concerning the purchase of the land. The European Union is investigating whether its procurement laws have been breached in the way the land for Derwenthorpe was 'disposed of' by the City of York Council to JRHT. JRHT has been unable to complete the purchase of the land while this investigation continues and is awaiting an update concerning the European Union and the Office for Government and Commerce.

JRHT and the City of York Council remain committed to ensuring that Derwenthorpe is built. The community will provide much-needed family homes for people in and around the city and will be built to high environmental

standards. It will have around 540 homes, including homes for rent, part ownership and for sale. It will also include 18 acres of public open space.

We hope Derwenthorpe will emulate Joseph Rowntree's garden village of New Earswick as a model community from which others might learn lessons. Working in partnership with the City of York Council, our aim is to create a model 'urban extension' edge-of-town development, which will include:

- rented and low-cost homes scattered among fully owner-occupied housing;
- high-quality 'lifetime' homes, meeting the needs of young families, people with disabilities, and older residents;
- involvement of residents in the development and management of the community; and
- a host of other features that combine to make Derwenthorpe a safe, sustainable community.

Despite the turmoil in the economy, there is an ongoing need to meet environmental demands, and the challenge of climate change. These also need to tie in to anti-poverty measures. JRF has an ongoing **commitment to York**, where we are based and where JRHT demonstrates housing and care. Building new communities and improving environments is key to renewal. Our model for environmentally sustainable, affordable housing in **Elm Tree Mews** in New Earswick, **York**, has received an 'excellent' rating under Eco Homes standards, and won two Home Improvement Council awards. Some aspects of the development have not worked as well as hoped, but these provide valuable lessons for our future work at Derwenthorpe. We are also launching a three-year programme of research to find out how climate change will affect people and places facing poverty and disadvantage.

A new programme of work will be examining the costs, benefits and outcomes associated with **community ownership and management of assets**, such as buildings and land, and how this can empower communities. It will also examine the impact of community and mutual ownership as we enter recession.

Forthcoming work will enable us to **track housing and neighbourhood trends** in meeting the needs of all groups in society. Drawing on a variety of statistical sources, it will monitor key housing and neighbourhood trends across each of the four UK countries. Providing a website as well as reports, topics will include affordable housing and neighbourhood quality.

## Empowerment

*Aim: to identify ways of enabling people and communities to have control of their own lives*

Changing demographics – an ageing society – alongside the recession mean that funding for long-term care is increasingly difficult. There is consensus on the need for reform but disagreement on how to get there.

By 2050 there will be twice as many people aged over 85 and overall costs will increase fourfold. **Paying for care** sustainably is an issue in our ageing society and further complicated by the economic downturn. The Joseph Rowntree Housing Trust's care homes demonstrate some potential funding models.

We opened two new retirement communities in 2008. **Hartfields** – an extra care village in Hartlepool – offers high-quality homes for sale, shared-ownership and rent, with social amenities, and care and support when needed. **Plaxton Court** is a similar smaller scheme in Scarborough. JRF evidence shows how residents value extra care schemes. A JRF-funded independent assessment of our demonstration work at Hartfields is due to finish in 2009.

In January we published an evaluation of the cost-effectiveness of Rowanberries, an extra care home in **Bradford** where we have a programme of work. This concluded that, while costs increased, residents' social care and quality of life improved, which reduced the amount of health care required.

JRF fed into the 2008 government consultation on meeting the costs of care. Immediate **improvements to the long-term care funding system** were later suggested, based on previous JRF research showing that the present system is unfair and unsustainable. Costed and affordable proposals were put forward showing how paying for long term care could be made fairer. These included fairer ways of funding, including equity release, higher limits for help with care fees and the doubling of personal expenses allowances; and practice innovations to share risk, such as a social insurance scheme, mixed tenure as at Hartfields, or a loan bonds scheme.

The bigger issue, of ensuring good care is properly funded in a sustainable way over the long term requires more radical change, and this is something that JRF has worked towards for many years. An updated calculation of the operating **costs of efficient care homes** in England found that a 'fair market fee' was at least £538 per week. Local authorities may have to find an extra £540 million annually to fund fair fees for properly modernised care schemes.

The JRF's relationship with the Joseph Rowntree Housing Trust (with which we share our trustees, directors and strategic plan) enables us to make **links**

**between research and practice.** We aim to provide more options for independent living. A major services review and research findings has already led to a major reversioning of JRHT's **adult services**. A move towards a supported living environment and away from registered care homes will allow people more choice over how they are cared for, often in their own homes.

The crossover between research and practice was key to the development of posters and factsheets for practitioners working with people with dementia and learning difficulties. The **pain and dementia** resources enable GPs, care staff and carers to recognise causes and the symptoms of pain in people who may not be able to express it in words.

A further crossover project will see an information resource about **housing for disabled children** and their families being used to adapt a home for disabled children and test how well this works.

In the autumn, we looked at some challenging viewpoints on issues around the **future of adult care**: the concepts of duty and obligations, care, equity and gender. The findings suggested that if a sustainable care system is to be created, care and those who give it must be more highly valued and supported, to involve more men in caring and reduce gender inequalities.

A long-standing aim is for service users to be at the heart of service delivery. A programme of work on **Independent Living** is being used to influence policy and practice, to challenge assumptions about what people want from personalised care and self-directed support.

A study of **older people with high support needs** in care homes stressed the need to reshape ideas of good practice. Evidence from this is now being used by the Office for Disability Issues in a new demonstration programme.

Community project demonstration work in **Bradford** focused on **community cohesion**, as part of our work on empowering people and communities. One community project in a disadvantaged area aimed to improve an estate's cross-cultural relationships, and drew out lessons from the experience of helping new minority communities settle into majority-white areas. Another tried to engage young British Muslim Pakistani men through a grassroots organisation, showing the potential of creative arts to reach people. A film screening in the city showcased **voices of people who are not usually heard**, including communities, Muslim young men, Muslim women, and traditionally white estates.

Ensuring that communities have control of their own lives is a long-standing aim of JRF. 'Unheard voices' were promoted with the launch of a book of **Muslim women's stories**. It showed the everyday aspirations and experiences of a

varied group of women in **Bradford**, aiming to dispel damaging stereotypes that can damage community cohesion.

## Social evils

In 1904, Joseph Rowntree identified poverty, war, slavery, intemperance, the opium trade, impurity and gambling as major social evils facing British society. JRF's social evils programme began in 2007 with a public consultation with over 3,500 people to explore what social difficulties face Britain today. The results revealed a strong sense of unease about some of the changes shaping British society.

Concerns such as a decline of community and increasing individualism, and consumerism and greed, were then explored further at a series of debates across the UK in 2008.

The views of key social commentators at the events were later published as a series of thinkpieces on the main themes:

- A decline of values
- Distrusting and fearful society
- The absence of society
- Individualism
- Inequality

Finally, in June 2009, a book on modern-day social evils summarises the findings from all of the work. It includes new research by the National Centre for Social Research with disadvantaged groups whose voices are not usually heard, and reflects on the future. The outcomes of this work are to be communicated powerfully throughout the relevant media, through discussion events and face-to-face meetings as appropriate with target audiences.

## ACHIEVEMENTS AND PERFORMANCE

The JRF aims to benefit the public through our charitable activities which focus on reducing poverty and disadvantage in the UK, to help the most disadvantaged people across the UK and ultimately benefit everyone in society. JRF does this through the provision and communication of evidence and solutions on a range of subjects to relevant audiences.

The JRF's objective of seeking improvements to social policy and practice is a long-term objective which renders short-term measures of achievement of limited validity and use. It can also be difficult to establish a direct link between work supported or undertaken directly by the Foundation, and policy and practice change. The Foundation's contribution is both as an independent and authoritative source of evidence, and as a convenor/facilitator of networks, and influencer via the media and other channels, helping build consensus for change. The special link with the Joseph Rowntree Housing Trust (JRHT) provides the opportunity for the Foundation to bring together research findings and practical experience.

Examples of specific areas of influence of recent years include:

- The 2007 Pre-Budget Report specifically mentioned JRF in announcing a Green Paper on meeting the costs of long-term care. The Caring Choices initiative was one example of our work in this area.
- The announcement of a Government strategy on housing for older people built on JRF work. The recent *National Strategy for Housing in an Ageing Society* includes elements from the Lifetime Homes recommendations which are now standard in all new JRHT property. The Strategy also includes a new rapid repairs and adaptations services along with other initiatives to give 'that bit of help', which JRF research recommended in 2006, as well as the development of positive models that build on aspirations for older people whose plans for the future involve a move to more specialised housing settings. One example of this is Hartfields, JRHT's new retirement village in Hartlepool.
- JRF's work on ending child poverty and the costs of meeting the government's targets were referenced in the debate on the issue and JRF's child poverty estimates used in Treasury forecasts, prior to the recent budget increases for low-income families.
- JRF's Commission on Rural Housing in Wales: The Deputy Minister for Housing has now agreed to act on the Commission's recommendations, and the Welsh Assembly has backed other suggestions from the study.

Quantitative measures of the Foundation's activity in 2008 include:

- 2.9 million visits to the JRF website (an average of 249,605 per month).
- 47 press releases.
- 84 summaries – mailed out to over 125,000 individuals/organisations.
- 65 reports published.
- 45 seminars, launches and conferences held, attended by 3,380 people.

As part of all programmes JRF has a dissemination and influencing programme and through work with the press, with policy-makers and opinion formers. The JRF also undertakes major PR campaigns to communicate findings and solutions from our work, and more generally leads and contributes to media and policy debates around our issues of concern. The resulting extensive coverage enables JRF to reach a wide audience and positions us as a current, connected and credible player in the field. One example of a major piece of work is the *Minimum Income Standards* report, launched in July 2008. The report was covered in media with a total circulation of over 279 million people.

## RISK

There is a hierarchical approach to monitoring and reporting risk within the Foundation. The 'lowest level' risk-mapping takes place at functional level leading up to the most significant organisational risks being reported to and assessed by the Finance and Personnel Committee and the Audit Committee on an annual basis. All members of staff and Trustees have a responsibility to identify and manage risk throughout the Foundation, but it is the responsibility of the Directors to identify these higher level risks. Each risk is assessed for its likelihood and its impact, and the responsibility for its management and, when appropriate, its mitigation is identified. Major proposals and issues being considered by Trustees include consideration of the risk and mitigating action that is being taken or proposed.

JRF has identified the following key organisational risks:

- A depressed value of the Foundation's investment portfolio over an extended period and reductions in dividend income leading to a reduction in the sums available for 'search, demonstrate and influence' activities. Investments are held in a balanced portfolio which limits the exposure to different classes of investment and investment styles. A reserves policy is established to deal with short-term fluctuations and a financial planning process has been established that enables the Foundation to adjust its funding commitments in a controlled manner.
- Failure to allocate limited resources appropriately within the financial plan to achieve our objectives. We have established the JRF Executive to give corporate consideration to JRF priorities and have developed a three-year Strategic Plan, shared with JRHT.
- Funding inappropriate or low quality research that would have an adverse impact on the Foundation's reputation. Action to mitigate against this risk includes the establishment of a strategic plan that has been approved by Trustees and commented on by external stakeholders, and external scrutiny of research and practice development proposals by independent experts in the relevant field. Core assessment responsibility is with skilled and experienced programme managers, who lead on both the design of programmes and their delivery.
- Operating in a way in which the Foundation's independence is, or is perceived to be compromised. This could be a threat to the Foundation's

effectiveness, such as being considered partisan. In an extreme case this could be acting *ultra vires*, for example, in support of a non-charitable or party political activity. All major commitments must be approved by Trustees and recommendations must include a risk analysis. Where appropriate, expert legal advice is taken. A communication strategy is developed for all programmes. In addition, specific projects that have the potential to be politically sensitive are given special attention. Trustees and senior staff may not take part in party political activities and procedures are in place to govern any involvement by other staff. We also have policies that protect against bias, such as attending each of the party conferences and trying to balance the political leaning of speakers at events.

- Choice and management of relationships with partners and how their reputation and activity can impact on the reputation and independence of the JRF/JRHT. This risk is mitigated by careful choice of partners and by written arrangements covering the different roles between ourselves and partners.
- Reputational risk from failing to identify and manage differences between operational activities being undertaken by JRHT and recommendations from research funded by JRF. Detailed communications plans are drawn up for all research programmes, highlighting any areas of risk, and mitigation strategies put in place. The JRHT Board has received regular updates from the Strategy Groups on the themes of poverty, place and empowerment that cut across research, policy, communications and operational activities. JRF and JRHT have a shared Strategic Plan and theme teams covering Poverty, Place and Empowerment have been established involving staff from JRF and JRHT.
- Failure to make effective use of the recommendations from research and demonstration activities and lack of engagement with relevant policy-makers. Programme teams, comprising members of staff from the research, policy, communications and operational departments, are now established. A review of the Foundation's knowledge management arrangements is underway and changes are to be implemented over the next 12 months. In addition, assigning more of our staff time to influencing activities rather than project management will enable us to be more effective.
- Political and economic volatility across the UK presents a risk to JRF's influencing work. This risk is mitigated by the robustness of our evidence base, our commitment to political independence and our impartiality.

The Trustees have considered the risks to which the organisation is exposed and have taken appropriate steps to mitigate against these risks, as described above.

Internal auditors have also been appointed during the year to provide assurance over risk management, corporate governance and internal control.

## COMMISSIONING PROCESSES AND CRITERIA

At the JRF, managers:

- develop and propose programmes of work to the JRF Executive and Trustees, ensuring that it is in keeping with the Foundation's Strategic Plan, that the JRF has an independent role to play and that it is not looking at short-term political responses;
- develop calls for proposals that outline the evidence gap to be filled and specify evaluation criteria for the assessment;
- assess proposals against the evaluation criteria and make a recommendation for support or rejection to the relevant decision-making tier according to the delegated authority rules approved by Trustees;
- with other colleagues, at the outset of new programmes of work consider who we wish to engage throughout the life of this work, and how best to keep them informed and motivated on our behalf. Teams comprising staff with a wide range of skills in communications, policy and research, work together to consider how best to influence policy-makers and practitioners to act on findings and identified solutions;
- Strategy Groups advise the JRF on new programmes of work as well as strategies and approaches for maximising influence. These groups include external members with particular knowledge and experience in the subject area.

### *Proposals*

The JRF also has a grant-making stream for proposals which do not fit within our specified calls or programmes. The Foundation accepts proposals from a range of organisations and is interested in funding the best people and the best proposals.

Once received, a proposal passes through stages of scrutiny:

- the proposal is assessed by a programme manager and another person to assess whether the proposal fits within the Foundation's current priorities and is technically adequate;
- proposals are externally peer-reviewed;
- the programme manager assesses the proposal and, taking on board the external assessments, make a recommendation for funding;
- all delegations are within defined and specified programmes.

When looking at a proposal, key issues are:

- the importance and relevance of the topic to the Foundation's priorities;
- whether the work will offer new insights or developments;
- the appropriateness of the methods proposed to the aims of the project (for research projects, this includes research design, data collection and analysis);
- demonstration of good knowledge of the area, including both research literature and the policy and practice context;
- the ability of the staff and organisation to carry out the work and complete on time;
- the policy and practice implications of the project;
- an appropriate approach to dissemination;
- diversity, equality and appropriate supported involvement of people with direct experience, where appropriate; and
- priority within available funds and value for money.

## MAJOR COMMITMENTS IN 2008

External funding commitments in excess of £25,000 approved by Trustees during 2008 were:

Organisation	Project Title	£
Loughborough University	A Minimum Income Standard for the UK 2009	£171,145
Ipsos MORI	Multiple domains research on drinking cultures	£117,600
Liverpool John Moores University	Transmission of drinking cultures: Media influence	£99,783
University of Leeds	Family life and alcohol consumption: a study of the transmission of drinking practices	£98,856
Housing Associations Charitable Trust	Housing and Immigration Network	£80,000
Fabian Society	Attitudes to inequality and intuitive conceptions of justice	£76,760
Institute of Education	A longitudinal analysis of housing and life chances	£73,121
University of Stirling	Learning about alcohol: influences of the family context	£72,792
The University of York	The social dimensions of problem drug use	£67,359
Donald Hirsch	Funding for PAD Adviser Role	£65,000
Durham University	Participation in the media: people with experience of poverty	£54,882
Cambridge Policy Consultants	Identifying success in building public support for poverty eradication	£54,579
Global Partners & Associates Ltd	Human rights impact upon anti-poverty strategies	£49,961
Loughborough University	A minimum income standard for Britain	£44,540
Migrants' Rights Network	Dissemination and Communication Project (Migrant Worker Advice and Information)	£37,500
Communityspeak	Women Working Towards Excellence: The OurLives Project	£29,847

<b>OTHER WORK PROGRAMMES</b>		
<b>JRF activities</b>		
Joseph Rowntree Foundation	Our role in the UK	£150,000
Joseph Rowntree Foundation	Summer sessions 2009	£110,000
Joseph Rowntree Foundation	Strategy Group Conference 2009	£76,648
Joseph Rowntree Foundation	Journalist Fellowships 2007–2009	£37,500
<b>Work we have funded</b>		
Joseph Rowntree Foundation	Transitions and traps - young people and housing	£155,000
Joseph Rowntree Foundation	Paying for Long Term Care Costs: influencing plan on long term care	£78,000
Joseph Rowntree Foundation	Bradford Areas, Wards and Neighbourhoods	£69,000
Joseph Rowntree Foundation	Social Evils	£61,500
Joseph Rowntree Foundation	Growing up in Northern Ireland	£54,604
Joseph Rowntree Housing Trust	Developing and full implementation of an assessment process for residential and nursing care	£48,764
Joseph Rowntree Foundation	Modelling Child Poverty in 2010 and 2020 - updating the forecasts	£35,000
Joseph Rowntree Housing Trust	Intergenerational Understanding: Demonstration Project (Thinking village)	£34,000
Joseph Rowntree Foundation	Costs of Child Poverty	£30,000
Joseph Rowntree Foundation	Unheard voices	£25,000

## **FINANCIAL REVIEW**

### **Trustees' Powers**

Under the terms of the Deed of Foundation, the Trustees have power to spend both income and capital.

### **Objectives**

The Foundation's financial objectives are:-

- To maintain the real value of the expenditure on the research and development programme and influencing activities.
- To ensure that the value of Foundation capital is maintained in real terms over the long term.

For this purpose, 'real' is measured by use of an index calculated at 70% based on changes in the Index of Average Earnings and 30% based on changes in the Index of Retail Prices.

The Trustees maintain two internal reserves to assist in achieving the financial objectives: a Capital Maintenance Reserve and an Expenditure Equalisation Reserve. These reserves allow the movements on capital and revenue to be reviewed together, and enable short-term volatilities to be smoothed.

The latest position on the Reserves against this long term objective is outlined in the section on financial performance.

### **Investment Criteria**

The Foundation's investment objective is to achieve the maximum total return on its portfolio in terms of the capital growth and income received without incurring undue risk. Investments are subject to ethical constraints which preclude investment in companies which are significantly engaged in the manufacture of armaments, alcohol, tobacco, or gambling. (These restrictions were established out of respect for the views of the Founder and represent the investment categories which have traditionally been avoided by the Religious Society of Friends.)

The holdings of stocks and shares in the portfolio, which account for £176m out of the total of £213m, were managed by two fund managers during 2008: HSBC Investments (UK) and Schroder Investment Management (UK). The Investment Sub-Committee has established a benchmark for asset allocation but the investment managers have full discretion over their portfolio subject to the following constraints:-

- The ethical constraints as noted above.
- That derivatives should not be used.
- That voting rights over shareholdings should not be exercised without the Foundation's specific approval.

The constraints do not apply to any holdings of specialist unit trusts operated by the managers.

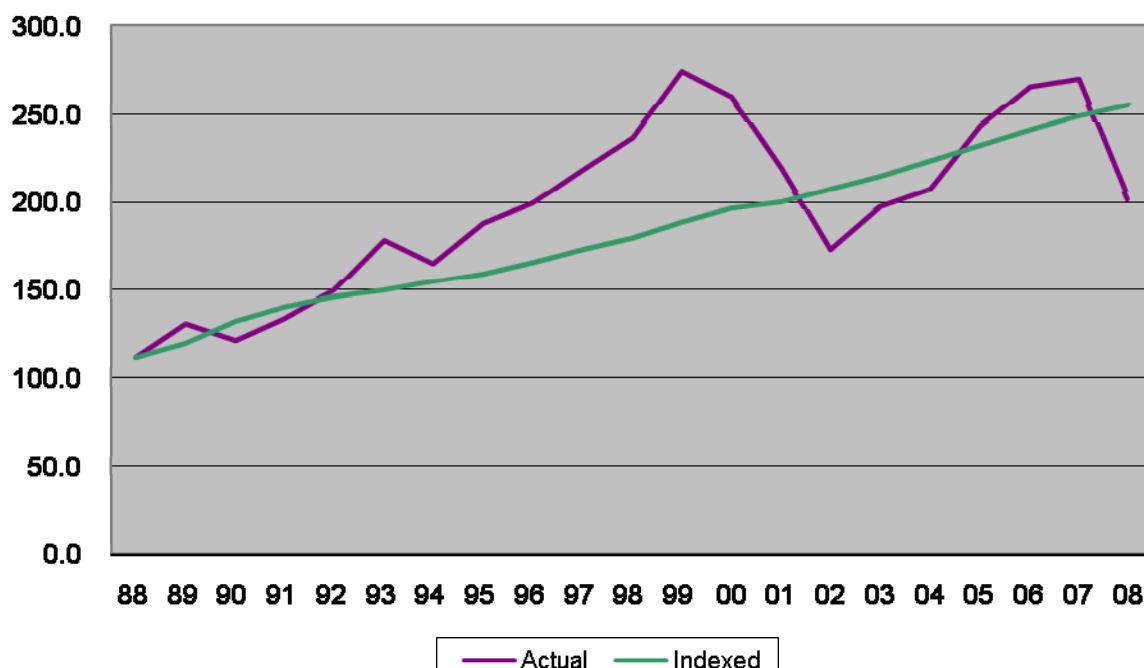
In 2009 a decision was taken to appoint new investment managers, Jupiter and Sarasin LLP, to replace HSBC and to transfer funds held within the Fund of Funds Hedge Fund managed by Olympia Capital Managements to Ruffer LLP

The remaining £37m of the investment portfolio consists of directly managed investment property (£7.6m), property unit trusts (£12.1m), alternative investments (£10.8m) and loans to JRHT (£6.9m).

## **Financial Performance**

Over the year as a whole the value of the Foundation's capital reduced substantially from £270 million to £202 million (25%), as a result of the sharp declines across all asset classes which have affected the value of the Foundation's investment portfolio. Such was the scale of the reduction, the capital at the end of 2008 was £49m below the long term target that it should be maintained in real terms. This is illustrated in the following chart which shows the value of the capital since 1989 measured against the long term target:

## FOUNDATION CAPITAL



In percentage terms, the shortfall in the value of the capital against the long term target at the end of 2008 was the largest since the current financial planning system was introduced at the beginning of 1989. At the end of 2008, the Capital Maintenance Reserve was minus £34m and the Expenditure Equalisation Reserve was £12m as compared with the target levels of £16m and £11m respectively.

## 2008 Accounts

### *Revenue Account*

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
<b>Total income</b>	<b>9,680</b>	<b>8,245</b>
Grant commitments	3,519	5,365
Support costs	3,572	3,347
Governance	44	36
<b>Total expenditure</b>	<b>7,135</b>	<b>8,748</b>
<b>Net incoming / (outgoing) resources</b>	<b>2,545</b>	<b>(503)</b>

## Balance Sheet

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Fixed Assets	2,906	2,760
Investments (market value)	212,613	278,677
Net current liabilities	(12,207)	(6,792)
Long term creditors	(1,601)	(4,833)
<b>Foundation Capital</b>	<b>201,711</b>	<b>269,812</b>

While the capital value of the investment portfolio reduced substantially in 2008, income increased from £8.2 million in 2007 to £9.7 million in 2008, a rise of 17%. This was attributable to the increases in dividends on the equity holdings in the investment portfolio, particularly in the UK.

Expenditure on external grant commitments and associated support costs in 2008 amounted to £7.1 million, a reduction of £1.6m from 2007. This reduction was largely the result of the transition from project based funding to programme based funding. The main focus was on the three key themes of Poverty, Place and Empowerment, where external funding of £2 million was committed in the year. A further £0.7million was allocated to specific projects by Trustees including £150,000 for work in the devolved authorities and £110,000 for the JRF Summer sessions.

Expenditure on governance amounted to £44,000 (2007: £36,000).

*These financial summaries may not contain sufficient information to allow a full understanding of the financial affairs of the Joseph Rowntree Foundation. Copies of the full 2008 accounts, together with the unqualified Auditors' Reports, are available on request from the Foundation and are also included on the JRF website at [www.jrf.org.uk](http://www.jrf.org.uk).*

## Future plans

The current world economic environment is clearly an extremely serious and challenging one and this will continue to impact on JRF's finances. JRF is in the fortunate position that it can take a long term view of financial performance and remains confident that the investment strategy is appropriate to meet the long term financial objective but it is not clear how long it will take to return the value

of the capital to the long term target. A reduction in dividend income is also highly likely in the short term.

In deciding the allocation of resources for the 2009 financial plan, Trustees decided that the available budget should remain at the same level as in 2008. The position will continue to be closely monitored and Trustees are prepared to take remedial action should the financial position deteriorate further or persist for a substantial period of time.

## PLANS FOR FUTURE PERIODS

### Our main areas of interest and objectives

The JRF will:

**Search** out the causes of poverty and disadvantage by researching the underlying causes, identifying practical solutions and evaluating our practice.

**Demonstrate** solutions by working with other practitioners and sharing the practice of the Joseph Rowntree Housing Trust as a provider of homes and care.

**Influence** by publishing evidence from research and practice and engaging with those with the influence to change things, to enable those experiencing poverty and disadvantage to be heard.

#### Poverty

Our aim is to examine the root causes of poverty and disadvantage and identify solutions.

Our objectives:

- improve understanding of the causes and consequences of poverty;
- develop solutions to the problems caused by poverty;
- understand trends and attitudes to poverty;
- address poverty and disadvantage in general and amongst our residents.

#### Place

Our aim is to contribute to the building and development of strong, cohesive and sustainable communities.

Our objectives:-

- to help improve the quality of life in disadvantaged neighbourhoods;
- to understand the changes taking place in communities and neighbourhoods;
- to develop the economic, social and environmental sustainability of homes;
- to improve access to affordable homes for people on low incomes.

## Empowerment

Our aim is to identify ways of enabling people and communities to have control of their own lives.

Our objectives:-

- to support communities so that the knowledge and expertise of residents can benefit the whole community;
- to enable people to live as independently as possible;
- to remove barriers that prevent people from realising their potential;
- to identify ways of adapting and changing funding structures and systems for long-term care to provide real security and support for people needing care.

## **Specific areas of focus for 2009–11**

### Poverty

- to monitor and propose policy solutions towards ending child poverty
- to provide authoritative annual statements of poverty and social exclusion by analysing and presenting existing data
- to explore the dynamics of poverty and develop solutions that reflect this understanding
- to implement an Anti-poverty strategy within JRHT
- to explore the nature of contemporary slavery in order to develop practical solutions and influence policy
- to collect and use evidence that will contribute to halting or reversing negative drinking cultures and patterns in the UK

### Place

- to inform the debate about affordable housing, including home ownership and its relationship to other tenures
- to provide authoritative annual accounts of housing and neighbourhoods by analysing and presenting existing data
- to deliver excellent services and effective management of our land and buildings that demonstrates good long-term stewardship
- to develop a new model community for the 21<sup>st</sup> Century in terms of design, community engagement and management.
- to understand more about the housing needs of young people and how policy can best meet them
- to examine the potential of community assets

- to find new and more effective ways of engaging residents in developing and managing homes and neighbourhoods

## Empowerment

- to contribute to the debate about a fairer, more transparent system of meeting costs of long-term care
- to support groups whose voices are seldom heard to involve them in policy, planning and practice
- to deliver excellent services that foster well-being and citizenship
- to develop the evidence base on housing with care for older people, focusing on outcomes and cost-effectiveness
- to improve the experience of people who use services and live and work in different social care settings
- to help society and services move towards reflecting service users' aspirations for their lives

## Bradford

JRF committed in 2004 to a ten-year programme of engagement. Working in partnership with others we aim to gain knowledge and learning from this diverse city, while making a positive difference to the people of Bradford by sharing experience and knowledge, funding research, investing in the development of services, and ensuring that assets are maximised. We give consideration to work in Bradford in each of our strategic aims.

## York

York is where the majority of our housing and development is, and where our historic legacy lies. We are committed to maintaining a strong position in the City of York, and will continue to contribute as a significant service provider, a major employer, and as a key player in its development.

## **Disclosure of Information to Auditors**

The Trustees who held office at the date of approval of this trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the Foundation's auditors are unaware; and each trustee has taken all the steps that he or she ought to have taken as a trustee to make himself or herself aware of any relevant audit information and to establish that the Foundation's auditors are aware of that information

## **TRUSTEES STATEMENT**

We hereby certify that JRF have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published the Charity Commission.

### **Approval**

This report is approved by the Finance and Personnel Committee on 20 May 2009 on behalf of Trustees and is signed on Trustees' behalf.

Debby Ounsted, Chair of Trustees  
1 June 2009