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Form **990-PF**

Return of Private Foundation
or Section 4947(a)(1) Trust Treated as Private Foundation

OMB No 1545-0052

2015

Department of the Treasury
Internal Revenue Service

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► Information about Form 990-PF and its separate instructions is at www.irs.gov/form990pf.

Open to Public Inspection

For calendar year 2015 or tax year beginning 1 January, 2015, and ending 31 December, 2015

Name of foundation The Nuffield Foundation		A Employer identification number 986001638	
Number and street (or P O box number if mail is not delivered to street address) 28 Bedford Square		B Telephone number (see instructions) (207) 631 0566	
City or town, state or province, country, and ZIP or foreign postal code London WC1B 3JS		C If exemption application is pending, check here ☐	
G Check all that apply: ☒ Initial return ☐ Initial return of a former public charity ☐ Final return ☐ Amended return ☐ Address change ☐ Name change		D 1. Foreign organizations, check here ☒ 2. Foreign organizations meeting the 85% test, check here and attach computation ☒ E If private foundation status was terminated under section 507(b)(1)(A), check here ☐ F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐	
H Check type of organization: ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation			
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ► \$ 494,392,784		J Accounting method: ☐ Cash ☒ Accrual ☐ Other (specify) _____ (Part I, column (d) must be on cash basis.)	

Part I		Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1	Contributions, gifts, grants, etc., received (attach schedule)		1,225,477			
	2	Check ☐ if the foundation is not required to attach Sch. B					
	3	Interest on savings and temporary cash investments		824			
	4	Dividends and interest from securities		8,482,626	1,731,996		
	5a	Gross rents					
	b	Net rental income or (loss)					
	6a	Net gain or (loss) from sale of assets not on line 10					
	b	Gross sales price for all assets on line 6a					
	7	Capital gain net income (from Part IV, line 2)					
	8	Net short-term capital gain					
	9	Income modifications					
	10a	Gross sales less returns and allowances					
Operating and Administrative Expenses	b	Less: Cost of goods sold					
	c	Gross profit or (loss) (attach schedule)					
	11	Other income (attach schedule)		63,559			
	12	Total. Add lines 1 through 11		\$9,772,486	\$1,731,996		
	13	Compensation of officers, directors, trustees, etc.		92,424			
	14	Other employee salaries and wages		2,888,169			
	15	Pension plans, employee benefits		346,038			
	16a	Legal fees (attach schedule)		39,449			
	b	Accounting fees (attach schedule)		42,784			
	c	Other professional fees (attach schedule)		2,628,241			
	17	Interest					
	18	Taxes (attach schedule) (see instructions)					
19	Depreciation (attach schedule) and depletion		181,020				
20	Occupancy		1,108,600				
21	Travel, conferences, and meetings		119,589				
22	Printing and publications		143,381				
23	Other expenses (attach schedule)		10,326				
24	Total operating and administrative expenses. Add lines 13 through 23		7,600,021				
25	Contributions, gifts, grants paid		6,493,023				
26	Total expenses and disbursements. Add lines 24 and 25		\$14,093,044	0			
	27	Subtract line 26 from line 12:					
	a	Excess of revenue over expenses and disbursements		\$(4,320,558)			
	b	Net investment income (if negative, enter -0-)			\$1,731,996		
	c	Adjusted net income (if negative, enter -0-)					

For Paperwork Reduction Act Notice, see instructions.

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)	Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing				
	2 Savings and temporary cash investments		719,143	1,711,603	1,711,603
	3 Accounts receivable ▶				
	Less: allowance for doubtful accounts ▶		11,089,744	9,164,880	9,164,880
	4 Pledges receivable ▶				
	Less: allowance for doubtful accounts ▶				
	5 Grants receivable				
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)				
	7 Other notes and loans receivable (attach schedule) ▶				
	Less: allowance for doubtful accounts ▶				
	8 Inventories for sale or use				
	9 Prepaid expenses and deferred charges				
	10a Investments—U.S. and state government obligations (attach schedule)				
	b Investments—corporate stock (attach schedule)		479,464,587	475,540,543	475,540,543
	c Investments—corporate bonds (attach schedule)				
	11 Investments—land, buildings, and equipment: basis ▶				
Liabilities	Less: accumulated depreciation (attach schedule) ▶				
	12 Investments—mortgage loans				
	13 Investments—other (attach schedule)				
	14 Land, buildings, and equipment: basis ▶				
	Less: accumulated depreciation (attach schedule) ▶		8,583,095	7,975,758	7,975,758
	15 Other assets (describe ▶)				
	16 Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)		499,856,569	494,392,784	
	17 Accounts payable and accrued expenses		1,037,281	1,365,294	
	18 Grants payable		45,942,176	39,786,756	
	19 Deferred revenue				
	20 Loans from officers, directors, trustees, and other disqualified persons				
	21 Mortgages and other notes payable (attach schedule)				
	22 Other liabilities (describe ▶)				
	23 Total liabilities (add lines 17 through 22)		46,979,457	41,152,050	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ☐				
	and complete lines 24 through 26 and lines 30 and 31.				
	24 Unrestricted				
	25 Temporarily restricted				
	26 Permanently restricted				
	Foundations that do not follow SFAS 117, check here ▶ ☐				
	and complete lines 27 through 31.				
	27 Capital stock, trust principal, or current funds				
Net Assets or Fund Balances	28 Paid-in or capital surplus, or land, bldg., and equipment fund				
	29 Retained earnings, accumulated income, endowment, or other funds		452,877,112	471,142,110	
	30 Total net assets or fund balances (see instructions)		452,877,112	471,142,110	
	31 Total liabilities and net assets/fund balances (see instructions)		\$499,856,569	\$ 494,392,784	

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	452,877,112
2 Enter amount from Part I, line 27a	2	(4,320,558)
3 Other increases not included in line 2 (itemize) ▶ Net Appreciation of Assets	3	29,405,058
4 Add lines 1, 2, and 3	4	477,961,612
5 Decreases not included in line 2 (itemize) ▶ Currency movements	5	(6,819,502)
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	\$ 471,142,110

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co.)		(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a Exempt Foreign Private Foundation				
b				
c				
d				
e				
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)	
a Exempt Foreign Private	Foundation			
b				
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69				
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))	
a Exempt Foreign Private	Foundation			
b				
c				
d				
e				
2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }			2	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8			3	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☐ No
 If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year, see the instructions before making any entries.			
(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2014		Exempt	Foreign Private Foundation
2013			
2012			
2011			
2010			
2 Total of line 1, column (d)			2
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years			3
4 Enter the net value of noncharitable-use assets for 2015 from Part X, line 5			4
5 Multiply line 4 by line 3			5
6 Enter 1% of net investment income (1% of Part I, line 27b)			6
7 Add lines 5 and 6			7
8 Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.			8

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter "N/A" on line 1 Date of ruling or determination letter: _____ (attach copy of letter if necessary—see instructions)			
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☐ and enter 1% of Part I, line 27b	1		69,280
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).			
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2		0
3	Add lines 1 and 2	3		69,280
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4		0
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5		69,280
6	Credits/Payments:			
a	2015 estimated tax payments and 2014 overpayment credited to 2015	6a		
b	Exempt foreign organizations—tax withheld at source	6b	69,280	
c	Tax paid with application for extension of time to file (Form 8868)	6c	0	
d	Backup withholding erroneously withheld	6d		
7	Total credits and payments. Add lines 6a through 6d	7		69,280
8	Enter any penalty for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8		
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9		0
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10		0
11	Enter the amount of line 10 to be Credited to 2016 estimated tax ☐ Refunded ☐	11		0

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		✓
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see Instructions for the definition)? <i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.</i>		✓
c Did the foundation file Form 1120-POL for this year?		✓
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ► \$ _____ (2) On foundation managers. ► \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ► \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities.</i>		✓
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes</i>		✓
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?	✓	
b If "Yes," has it filed a tax return on Form 990-T for this year?	✓	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T.</i>		✓
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?		
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col (c), and Part XV</i>	✓	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ► Exempt Foreign Private Foundation.		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? <i>If "No," attach explanation</i>		
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2015 or the taxable year beginning in 2015 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV</i>		✓
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>		✓

Part VII-A Statements Regarding Activities (continued)

	Yes	No
11 At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11	✓
12 Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12	✓
13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶ _____	13	
14 The books are in care of ▶ _____ Telephone no. ▶ _____ Located at ▶ _____ ZIP+4 ▶ _____		
15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here. ▶ ☐ and enter the amount of tax-exempt interest received or accrued during the year ▶ 15		
16 At any time during calendar year 2015, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16	
See the instructions for exceptions and filing requirements for FinCEN Form 114. If "Yes," enter the name of the foreign country ▶ _____		

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

	Yes	No
1a During the year did the foundation (either directly or indirectly). (1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☒ No (2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No (3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☒ No (4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☒ No (5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☒ No (6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) ☐ Yes ☒ No		
b If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)?	1b	✓
Organizations relying on a current notice regarding disaster assistance check here ▶ ☐		
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2015?	1c	✓
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)).		
a At the end of tax year 2015, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2015? ☐ Yes ☐ No If "Yes," list the years ▶ 20____, 20____, 20____, 20____		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see instructions)	2b	
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ▶ 20____, 20____, 20____, 20____		
3a Did the foundation have more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☐ No		
b If "Yes," did it have excess business holdings in 2015 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2015.)	3b	
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	✓
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2015?	4b	✓

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☐ No

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☐ No

(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☐ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 4945(d)(4)(A)? (see instructions) ☐ Yes ☐ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☐ No

b If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? ☐ Yes ☐ No

Organizations relying on a current notice regarding disaster assistance check here ☐ **5b**

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53.4945–5(d).

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☐ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☐ No

If "Yes" to 6b, file Form 8870. **6b**

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☐ No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? ☐ Yes ☐ No **7b**

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).**

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
Prof J Banks, 28 Bedford SQ, London WC1B 3JS		\$14,468		
Dr C Bowe, 28 Bedford SQ, London WC1B 3JS	Trustees	\$14,468		-
Lord Krebs, 28 Bedford SQ, London WC1B 3JS		\$14,468		
Prof T Moffitt, 28 Bedford SQ, London WC1B 3JS	2 Hours	\$14,468		-
Prof D Rhind, 28 Bedford SQ, London WC1B 3JS		\$14,468		
Sir Ernest Ryder, 28 Bedford SQ, London WC1B 3JS	Per	\$14,468		-
Prof Anna Vignoles, 28 Bedford SQ, London WC1B 3JS	Week	\$3,234		-

2 Compensation of five highest-paid employees (other than those included on line 1—see instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
S Witherspoon,	Director (to June 2015) 35hrs/wk	\$261,550	\$51,049	-
J Brooke Turner, 28 Bedford dford SQ, London WC1B 3JS	Finance Director, 35 hrs/wk	\$131,465	\$16,124	-
J Hillman, 28 Bedford SQ, London WC1B 3JS	Education Director, 35 hrs/wk	\$144,140	\$17,518	-
H Whittal, 28 Bedford SQ, London WC1B 3JS	Project Director, 35 hrs/wk	\$127,334	\$15,670	-
T Williams, 28 Bedford SQ, London WC1B 3JS	Research Director, 35 hrs/wk	\$131,302	\$16,106	-
Total number of other employees paid over \$50,000 ☐				18

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**3 Five highest-paid independent contractors for professional services** (see instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
Longview, Thames Court, 1 Queenhithe, London, EC4V 3RL	Investment Fees	420,953
Acadian Asset Management, 36-38 Cornhill, London EC3V 3ND	Investment Fees	400,538
Harding Loevner LP, 400 Crossing Boulevard, Fourth Floor, Bridgewater, New Jersey 08807, USA	Investment Fees	399,800
Cambridge Associates, 80 Victoria St, Cardinal Place, London SW1E 5JL	Investment Fees	313,427
Northern Trust, 50 Bank Street, 50 Bank Street, London, E14 5NT	Custodians	173,013
Total number of others receiving over \$50,000 for professional services		▶

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

	Expenses
1 Social Policy - Detailed list of grant awards given in annual accounts	4,423,050
2 Capacity Building - Detailed list of grant awards given in annual accounts	2,028,091
3 Education - Detailed list of grant awards given in annual accounts	2,599,229
4 The Nuffield Council on Bioethics - Detailed list of grant awards given in annual accounts	2,414,434

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2

	Amount
1 NONE	
2	
All other program-related investments See instructions	
3 NONE	
Total. Add lines 1 through 3	▶

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	Exempt
b	Average of monthly cash balances	1b	Foreign
c	Fair market value of all other assets (see instructions)	1c	Private
d	Total (add lines 1a, b, and c)	1d	Foundation
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	
4	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see instructions)	4	
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	
6	Minimum investment return. Enter 5% of line 5	6	

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ☒ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	Exempt
2a	Tax on investment income for 2015 from Part VI, line 5	2a	
b	Income tax for 2015. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	Foreign
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	Private
4	Recoveries of amounts treated as qualifying distributions	4	Foundation
5	Add lines 3 and 4	5	
6	Deduction from distributable amount (see instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	Exempt
b	Program-related investments—total from Part IX-B	1b	Foreign
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	Private
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	Foundation
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2014	(c) 2014	(d) 2015
1 Distributable amount for 2015 from Part XI, line 7				Foreign Foundation
2 Undistributed income, if any, as of the end of 2015:				
a Enter amount for 2014 only				
b Total for prior years: 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2015:				
a From 2010				
b From 2011				
c From 2012				
d From 2013				
e From 2014				
f Total of lines 3a through e				
4 Qualifying distributions for 2015 from Part XII, line 4: ► \$ _____				
a Applied to 2014, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see instructions)				
c Treated as distributions out of corpus (Election required—see instructions)				
d Applied to 2015 distributable amount				
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2015 (If an amount appears in column (d), the same amount must be shown in column (a).)				
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5				
b Prior years' undistributed income. Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b. Taxable amount—see instructions				
e Undistributed income for 2014. Subtract line 4a from line 2a. Taxable amount—see instructions				
f Undistributed income for 2015. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2016				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required—see instructions)				
8 Excess distributions carryover from 2010 not applied on line 5 or line 7 (see instructions)				
9 Excess distributions carryover to 2016. Subtract lines 7 and 8 from line 6a				
10 Analysis of line 9:				
a Excess from 2011				
b Excess from 2012				
c Excess from 2013				
d Excess from 2014				
e Excess from 2015				

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9)

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2015, enter the date of the ruling ▶ Exempt Foreign Private Foundation					
b Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)					
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed	Tax year	Prior 3 years			(e) Total
	(a) 2015	(b) 2014	(c) 2013	(d) 2012	
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test—enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test—enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year—see instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)

NONE

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

NONE

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here ☐ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number or e-mail address of the person to whom applications should be addressed:

The Nuffield Foundation, 28 Bedford Square, London WC1B 3JS, UK

b The form in which applications should be submitted and information and materials they should include:

Detailed 'Guide for Applicants' available on request.

c Any submission deadlines:

See 'Guide for Applicants'.

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

UK and British Commonwealth citizens and institutions

Part XV **Supplementary Information** *(continued)*

3 **Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient		If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)					
a <i>Paid during the year</i>					
UK and British Commonwealth citizens and institutions.					
No grants were made to any US organisations or people living in the USA.					
Detailed list of awards printed in the Annual Report.					
Total				▶	3a
b <i>Approved for future payment</i>					
Total				▶	3b

Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions)
		(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1	Program service revenue:					
a						
b						
c						
d						
e						
f						
g	Fees and contracts from government agencies					
2	Membership dues and assessments					
3	Interest on savings and temporary cash investments					
4	Dividends and interest from securities					
5	Net rental income or (loss) from real estate:					
a	Debt-financed property					
b	Not debt-financed property					
6	Net rental income or (loss) from personal property					
7	Other investment income					
8	Gain or (loss) from sales of assets other than inventory					
9	Net income or (loss) from special events					
10	Gross profit or (loss) from sales of inventory					
11	Other revenue: a					
b						
c						
d						
e						
12	Subtotal. Add columns (b), (d), and (e)					
13	Total. Add line 12, columns (b), (d), and (e)					

(See worksheet in line 13 instructions to verify calculations.)

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes). (See instructions.)
----------------------	---

[illegible]

2

[illegible]

b If "Yes," complete the following schedule

(a) Name of organization	(b) Type of organization	(c) Description of relationship
Not Applicable		

Finance Director
Title

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☐ No

Form **990-PF** (2015)

Schedule B(Form 990, 990-EZ,
or 990-PF)Department of the Treasury
Internal Revenue Service**Schedule of Contributors**

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.

▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2015

Name of the organization

The Nuffield Foundation

Employer identification number

98 6001638

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

☐ 501(c)() (enter number) organization☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation☐ 527 political organization

Form 990-PF

☒ 501(c)(3) exempt private foundation☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation☐ 501(c)(3) taxable private foundationCheck if your organization is covered by the **General Rule** or a **Special Rule**.**Note.** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions**General Rule**

- ☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

- ☐ For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33⅓% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ▶ \$

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990, or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization The Nuffield Foundation	Employer identification number 98 6001638
--	---

Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
-----	Wellcome Trust 215 Euston Road, London NW1 2BE, United Kingdom.	\$ 532,909	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
-----	Medical Research Council 20 Park Crescent, London W1B 1AL, United Kingdom.	\$ 437,843	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
-----	ESRC Polaris House, North Star Avenue, Swindon SN2 1UJ, United Kingdom.	\$ 104,900	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
-----	Research Council UK Polaris House, North Star Avenue, Swindon SN2 1UJ, United Kingdom.	\$ 84,928	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
-----	Royal Society of Chemistry Burlington House, Piccadilly, London W1J 0BA United Kingdom.	\$ 51,587	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
-----	Society for General Microbiology Marlborough House, Basingstoke Road, Spencers Wood, Reading RG7 1AG, United Kingdom.	\$ 11,791	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)

Name of organization The Nuffield Foundation	Employer identification number 98 6001638
--	---

Part II **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	----- ----- ----- -----	\$ -----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	----- ----- ----- -----	\$ -----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	----- ----- ----- -----	\$ -----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	----- ----- ----- -----	\$ -----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	----- ----- ----- -----	\$ -----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	----- ----- ----- -----	\$ -----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	----- ----- ----- -----	\$ -----	-----

Name of organization The Nuffield Foundation	Employer identification number 98 6001638
--	---

Part III Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of \$1,000 or less for the year (Enter this information once. See instructions.) ► \$ _____

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
----- ----- -----		----- ----- -----	
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
----- ----- -----		----- ----- -----	
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
----- ----- -----		----- ----- -----	
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
----- ----- -----		----- ----- -----	

Nuffield
Foundation
Trustees'
Report and
Financial
Statements
2015

Reference and administrative details

Trustees

Professor David Rhind CBE, DSc, FRS, Hon FBA (Chair)
Professor James Banks MSc, PhD
Dame Colette Bowe MSc, PhD
The Lord Krebs Kt, MA, DPhil, FRS, FMedSci
Professor Terrie Moffitt MA, PhD, FBA, FMedSci
Professor the Right Honourable Lord Justice Ryder TD, DL, FRSA
Professor Anna Vignoles PhD (from 12 October 2015)

Senior staff

Josh Hillman, Acting Director (since 20 June 2015) and
Director of Education
Sharon Witherspoon MBE, Director (until 19 June 2015)
James Brooke Turner, Finance Director
Teresa Williams, Director of Social Research and Policy

Principal address

28 Bedford Square London WC1B 3JS
Telephone: 020 7631 0566
www.nuffieldfoundation.org
Charity number 206601

Investment Consultants

Cambridge Associates
80 Victoria Street, 4th Floor, Cardinal Place
London SW1E 5JL

Auditors

BDO LLP
2 City Place
Beehive Ring Road, Gatwick RH6 0PA

Solicitors

Bates Wells & Brathwaite
Scandinavian House, 2-6 Cannon Street
London EC4M 6YH

Global Custodian

The Northern Trust Company
50 Bank Street, London E14 5NT

Bankers

Barclays Bank plc
1 Churchill Place, London E14 5HP

Principal Investment Managers

Acadian Asset Management
260 Franklin Street,
Boston, MA 02110, USA

Hosking Partners LLP
30 Orange Street
London WC2H 7HH

Objective Completion
M3 House, 71 London Road
Sevenoaks, TN13 1AX

Harding Loevner
400 Crossing Blvd, Fourth Floor
Bridgewater, NJ 08807, USA

Longview Partners
Thames Court, 1 Queenhithe,
London, EC4V 3RL

Verritas Asset Management
Elizabeth House,
39 York Road, London, SE1 7NQ

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Chairman's foreword

2015 has been a busy year for the Foundation, and one in which we have done a lot of planning for our future direction. Alongside our grant-making, we have begun a process to clarify our objectives and to evaluate how effective our current programmes are for achieving them. We have made some good progress, undertaking a comprehensive examination of our portfolio of programmes and projects in the context of the wider funding landscape and our role within it. This includes identifying some new ideas for fulfilling our aim of achieving social well-being in a way that is relevant to the challenges facing society today.

We will build on this work in 2016, and a key milestone will be September, when Tim Gardam takes up his role as the Foundation's new Chief Executive. Tim is currently Principal of St Anne's College at the University of Oxford and Chairman of the Which? Council. He has had a 25-year career in senior broadcasting roles, culminating in his position as Director of Television and Director of Programmes at Channel 4. Tim brings with him a wealth of leadership experience and a keen insight into the relationship between research and academia and public policy. We are delighted to have him on board.

The Foundation's previous Director – Sharon Witherspoon – stepped down in June. In her 19 years here, Sharon made an immense contribution not only to the Foundation but also to the impact of social science research on public policy more generally. On behalf of my fellow Trustees I thank her wholeheartedly for all her achievements and the vital work she has done for the Nuffield Foundation and the wider community. A more detailed tribute can be found on page 9.

I would also like to extend my thanks to Josh Hillman, who continues to serve as Acting Director during this interim period, while also maintaining his role as Director of Education. I do not underestimate the difficulties inherent in this dual role, which requires balancing steady and consistent leadership with the necessary insight and strategic thinking to keep us moving forward through the transition period. Josh has managed both these

things exceptionally well, and I am grateful to him for his continued commitment. I am also grateful for the drive and productivity of Josh's colleagues on the senior management team and for the support we have all received from the Foundation's highly capable and energetic staff during this period.

In November, we were pleased to announce the appointment of Professor Anna Vignoles as a Trustee of the Foundation. Anna is Professor of Education at the University of Cambridge, an Associate Editor for The Cambridge Journal of Education and Education Economics, and a member of the Sutton Trust's Advisory Board. She is also a senior member of the Economic and Social Research Council (ESRC) Peer Review College and a member of its Research Committee. Her extensive experience as a researcher and a policy adviser will be of great value to the Foundation, both in relation to our grant-making and programme development, and in the role we play in ensuring that the work we fund has impact on policy.

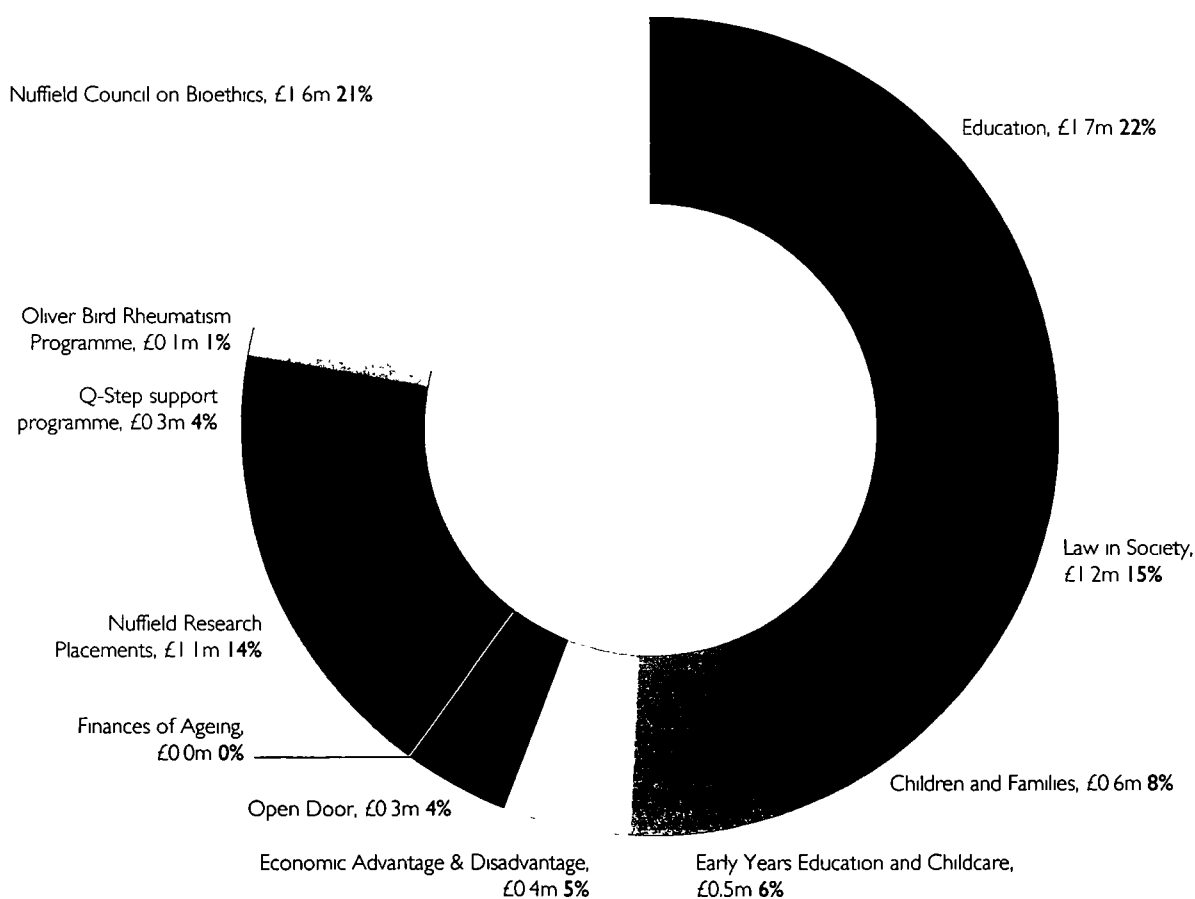
Underpinning all our activities in this year, as in all years, is the management of the Foundation's endowment. In 2015 the total return for the year was worth £26m, of which £12m came from market movements and the remaining £14m from the decisions made by the Investment Committee and the managers it has appointed.



Professor David Rhind
Chairman

Grant-making highlights

Charitable expenditure of £7.8 million split by programme



Research and innovation programmes

We make grants for research and innovation projects from seven programmes. Applicants submit a short outline application, and those that meet our criteria are invited to submit a full application, which are subject to independent peer review and considered by Trustees.

In 2015 we:

- Received 455 outline applications.
- Considered 89 full applications.
- Awarded 34 new grants with a total value of £5 million.

Objectives and activities

The Nuffield Foundation is a charitable trust established in 1943 by William Morris, Lord Nuffield, the founder of Morris Motors Ltd. Our aim is to improve social well-being. We do this by:

- Funding research and innovation projects in education and social policy.
- Building research capacity in science and social science.

We achieve our objectives by:

- Making grants for research and innovation in several areas of social and education policy. Our funding programmes change over time depending on where we identify the greatest need for our contribution as an independent funder. Currently we have seven research and innovation programmes: Children and Families, Early Years Education and Childcare, Economic Advantage and Disadvantage, Education, Finances of Ageing, Law in Society, and Open Door. All the projects we fund must have the potential to improve policy and practice, particularly in the medium and long term.
- Funding capacity-building programmes in science and social science. Current programmes include:
 - Q-Step, a programme designed to promote a step-change in quantitative methods training for UK social science undergraduates, jointly funded with the Economic and Social Research Council (ESRC) and the Higher Education Funding Council for England (HEFCE).
 - Nuffield Research Placements for school and college students to work on STEM (science, technology, engineering and maths) research projects.

- Playing an active role in ensuring the work we fund has an impact on policy and practice. This includes:
 - Identifying gaps in evidence in key areas of social policy and commissioning and stimulating work to address them.
 - Synthesising findings from research projects and publishing implications for policy and practice.
 - Convening events that bring together key researchers, policy-makers, and practitioners to discuss work we have funded and agree next steps.

We also have two restricted funds:

- The Oliver Bird Fund for investing in rheumatic disease research. In recent years we have used this money to fund PhD studentships in five university-based centres of excellence. We are currently reviewing how this fund will be used in future.
- The Commonwealth Relations Trust, a small fund established to strengthen relationships between the UK and other Commonwealth countries. Most recently we have used this to fund research projects in southern and eastern Africa through our Africa Programme, which has now closed. We are currently reviewing how this fund will be used in future.

We are the founder and co-funder of the Nuffield Council on Bioethics, which examines and reports on ethical issues in biology and medicine. The Council publishes its own annual report, available to download from www.nuffieldbioethics.org

In preparing this report, we have referred to the Charity Commission's general guidance on public benefit and are satisfied that the activities undertaken by the Foundation meet the Commission's requirements.

- Awarded 14 supplementary grants for additional work undertaken by projects funded in previous years (with a total value of £0.3 million).
- The Council also embarked on new projects on the ethical issues around genome editing techniques, and the ethical issues of cosmetic procedures.

Of the 34 new research and innovation grants awarded:

- 24 (worth £4.0 million) were to universities (70%).
- 6 (worth £0.5 million) were to voluntary organisations (18%).
- 4 (worth £0.5 million) were to research institutes (12%).

Capacity building programmes

- We provided placements for 1,164 students to spend their summer holidays working on a research project in a professional science, technology, engineering and maths (STEM) environment. Of these students, 46% were from lower income households and so received a bursary (in addition to the travel costs received by all students).
- Since the official launch of Q-Step, 41 new degree programmes have been created and validated, and a further 18 modified to reflect new quantitative training opportunities. In addition, 90 new modules have been established and validated with 70 others being modified to reflect the Q-Step agenda.

Events

- We held 163 events at the Foundation in 2015, attended by a total of approximately 2,500 people. This reflects our role as a convenor bringing together key researchers, policy-makers, and practitioners to discuss work we have funded and to help set future agendas.

Nuffield Council on Bioethics

- The Nuffield Council on Bioethics reported on three of its large scale enquiries in 2015: the collection, linking and use of data in biomedical research and healthcare; children and clinical research; and the concept of 'naturalness'.

Achievements, performance and future plans

Our work in 2015

In 2015 we have undertaken work to clarify our objectives and to evaluate how effective our current programmes are for achieving them, particularly in light of new challenges faced by society and changes to the funding landscape. This process will continue into next year, but some key developments for 2015 were:

- We launched a new programme in Early Years Education and Childcare, designed to address the evidence gaps in what has increasingly become a key area of public policy. In the five years to 2015 we have committed over £2 million in funding for projects related to aspects of early years policy and practice, and our consideration of the resulting evidence has informed the development of a new, dedicated, funding programme (see page 11). With this programme, as with our other newer programmes, we expect to see expenditure rise over the next few years.
- Research evidence relating to the family justice system has continued to be a priority. In 2015 we published a briefing paper setting out what we see as the fundamental purpose and functions of a new infrastructure for facilitating better use of research evidence in the family justice system. We also commissioned a scoping study to develop proposals for the purpose, functions and delivery options for that infrastructure, and that study will report in 2016 (see page 14).
- We have continued our work to increase the proportion of students from disadvantaged backgrounds who undertake a Nuffield Research Placement. This year – following a period of year-on-year increases in their numbers – we saw a plateau effect, and in response we have developed an action plan to return to a positive trajectory in 2016. We have also secured co-funding from the Wellcome Trust to support the increase of placements in shortage scientific areas and have increased the number of placements in social science requiring the application of skills in mathematics and statistics (see page 17).
- We made a significant contribution to informing the public debate in relation to the General Election in May. Several key projects were designed to provide the media, political commentators and the public with independent, rigorous research evidence relating to performance of previous governments, analysis of manifesto proposals of the main political parties, and fact-checking of claims made by politicians and others in the election campaign (see page 14).
- We have implemented several key changes to make the application process clearer and more accessible for applicants to our research and innovation programmes. Using feedback from applicants we have published revised guidance which provides more detailed information about our funding priorities, including key methodological considerations. We are now working on providing more comprehensive guidance for grant-holders, with the aim of helping them to ensure their Nuffield-funded work has the greatest possible impact. We will publish a new guide for grant-holders in 2016.
- The impact case studies from the 2014 Research Excellence Framework (REF) were published in 2015, revealing that 57 institutions cited work funded by the Nuffield Foundation in their impact submissions, across 21 units of assessment. Two institutions (Portsmouth and Keele) referred to Nuffield Research Placements and one to a new career development fellowship (Edinburgh). The Nuffield Council on Bioethics featured in the submissions of 33 institutions. Although there is no existing benchmark against which to measure the Foundation's performance, it is worth noting that this figure is higher than many other comparable and larger grant-making trusts.

Sharon Witherspoon

Sharon worked in the Foundation for 19 years. In that period she has been engaged with every aspect of the charity's work and has made a huge contribution to it. She has worked very closely with Trustees and grant-holders to foster the Foundation's distinctive approach, which involves robust research and analysis, capacity building, and ensuring the impact of the research on policy and practice. Central to all this has been a close engagement with academics and practitioners both to help Nuffield's programmes of work to evolve and to engage at an early stage with potential grant applicants.

She developed our programmes on children and families, on law (including an enquiry on empirical research in law), and a number of broader issues in social policy, encouraging practical implementation projects as well as robust research. In the last three years Sharon has led the creation of the Foundation's Q-Step programme to strengthen quantitative skills

in UK undergraduate social scientists, the largest programme led by the Foundation (with funding also from the ESRC and HEFCE) in decades. Some 18 universities are actively involved in revising their quantitatively-based teaching as part of this programme to tackle the shortcomings identified by previous Nuffield-funded research.

Her tenure as Director has also been marked by a number of substantial changes to what we do, how we do it, enhanced governance arrangements and an increase in funds available for research through successful investment of the Foundation's endowment funds.

Alongside her work within the Foundation, Sharon has played a very significant role externally in influencing a broad range of national policy discussions on research impact, data access and sharing, ethical reviews and in other areas where social science and 'real-world' problems meet.

The following pages report on the findings and impact in 2015 of grants funded in previous years, reflecting our duty to fund work that will have public benefit. A list of new grants made during 2015 is provided on pages 21 to 26.

R

**RESEARCH AND INNOVATION IN
EDUCATION AND SOCIAL POLICY**

Children and Families: funds projects on child welfare and development, and in child protection.

Early Years Education and Childcare: funds projects on educational attainment and child development outcomes, tackling social disadvantage, parental and family contexts, wider societal impacts, and public policy mechanisms.

Economic Advantage and Disadvantage: funds projects on work and income, wealth, savings and debt, tax and welfare, including the distribution of these and the relations between them.

Education: funds projects on primary education, secondary education transitions, and science and mathematics education.

Finances of Ageing: funds projects on work and retirement, public and private pensions, financial planning for later life, the finances of social care, and intergenerational transfers.

Law in Society: funds projects in family justice, administrative justice, mental disability and other vulnerabilities, and the wider design of the legal system.

Open Door: funds projects that improve social well-being and meet Trustees' wider interests, but that lie outside our main programmes.

because their parents have been precluded from working or accessing benefits. The report presented findings from a study exploring the tension between local government's responsibility to protect vulnerable children and the "no recourse to public funds" policy (NRPF). NRPF is designed to prevent use of welfare benefits by certain groups of migrants such as people on visas and over-stayers, and where children are involved, leads to local authority Children's Services departments having to intervene.

Dr Sarah Spencer led the study, which included a survey of Children's Services departments and voluntary organisations as well as stakeholder interviews. Most of the families had some form of lawful status or were awaiting decisions from the Home Office on immigration claims (for over a year in 40% of cases). The research team recommended reducing the amount of time taken to assess immigration cases; increasing awareness of voluntary return programmes and their eligibility criteria; and reviewing minimum acceptable rates for subsistence. As a result of media coverage generated by the report, the issue was raised in the House of Lords. The study was funded in 2012 with a grant of £100,966.

Recurrent care proceedings

Professor Karen Broadhurst's (University of Lancaster) study of recurrent care proceedings revealed in December that at least one in four women who have a child removed from their care by court order will return to the family court in relation to a subsequent child. For women who were teenagers at the birth of their first child, this figure increases to one in three. The study uses electronic records held by the Children and Family Court Advisory and Support Service (Cafcass) on all care applications made by Local Authorities in England over a seven-year period from 2007 to 2014.

In addition to showing the pattern of rapid repeat pregnancy associated with repeat care proceedings, the study also found a dramatic increase in the number of new-borns subject to care proceedings: 2,018 babies in 2013, up from 802 in 2008. Findings were published

Children and families

No recourse to public funds

A report published in June by the Centre on Migration, Policy and Society (COMPAS) at the University of Oxford revealed that thousands of children – many of them British citizens – are living on as little as £1 a day

in an open access article in the British Journal of Social Work and were the subject of much media debate. Both Prime Minister David Cameron and Education Secretary Nicky Morgan were questioned about the issue and expressed the government's commitment to reform. The project was funded with two grants totalling £249,788 in 2014 and supplemented with an additional grant of £73,005 in 2015, following completion of a feasibility study also funded by the Foundation. A final report will be published in 2016.

Parenting before and after separation

Dr Tina Haux from the University of Kent and Professor Lucinda Platt from the LSE reported findings from their project on parenting and contact before and after separation in June. Using data from the Millennium Cohort Study (MCS) on around 2,800 families who had experienced separation between 2000 and 2002, they found that fathers who are actively involved in bringing up their young children are more likely to keep in regular contact with their child in the event of a split, although all contact decreased over time.

For mothers, their perceived parenting capacity suffered through increased risk of maternal mental ill health and child behavioural problems, suggesting psychological and practical support around parenting are likely to be a key policy and practice response. In addition to the main report, the authors also produced podcasts, and were invited to discuss their findings on a BBC Radio 4 programme on divorce and separation. The project was funded with a grant of £57,681 in 2012.

Life Study

The lack of data pertaining to fathers' involvement in their children's lives in birth cohort studies has long been a concern of the Foundation. When the award of a new birth cohort study – Life Study – to UCL was announced in 2013, we awarded a grant of £31,000 to the Scientific Director and Principal Investigator Professor Carol Dezateux to explore the options for including fathers in the study. Following this work, we awarded a further grant of £1.4 million (co-funded with the ESRC) to augment the recruitment, retention and data collection in relation to (especially non-resident) fathers in Life Study. However, the Research Councils' subsequent decision to withdraw funding from Life Study because

of difficulty recruiting participants meant that only £96,724 was actually awarded.

There will be some outputs from this work published in 2016, including a report of the qualitative research with lone mothers to explore access to non-resident fathers, a description of the sampling strategy, a scripted questionnaire for non-resident fathers, and relevant extracts relating to learning on accessing resident and non-resident fathers from the full pilot report from Ipsos MORI.

In addition, together with the ESRC we have awarded a grant of £8,842 to Professor Kath Kiernan from the University of York to provide a comprehensive overview of the work carried out in relation to fathers in Life Study. This will cover the planned programme up to when the children were aged 12 months, including questionnaire development and interview documentation and pilot work. It will also draw out the lessons learnt from this project and discuss how future cohort studies might meet the challenges of collecting data on fathers, particularly non-resident fathers. A report on this work will be published in summer 2016.

Early Years Education and Childcare

In March we published *Early years education and childcare: lessons from evidence and future priorities*, a report that reviews the relevant evidence – including that funded by the Foundation – and highlights the key insights that are essential for informed consideration of future policy and provision for the early years. The report is authored by Foundation staff Josh Hillman and Teresa Williams and also identifies where there are connections and tensions in the evidence, as well as gaps and uncertainties. These observations have informed the development of our new funding programme, Early Years Education and Childcare. The programme has five themes: educational attainment and child development outcomes; tackling social disadvantage; parental and family context; wider societal impacts, and public policy mechanisms for early years. Detailed criteria are published on our website.

Oral language and early years education

The first grants made under the dedicated programme can be seen in the grants list on page 21. However,

during the year; several key projects in this area (made under different programmes in previous years) reported findings. The first was a study led by Professor Penny Roy at City University London which found that children from socio-economically disadvantaged backgrounds who regularly attend pre-school have significantly higher oral language performance than those who don't. Professor Roy concluded that the study reinforced the need for qualified preschool staff and training of providers to respond to language delay, and the importance of targeting available places for the most disadvantaged children. The project was funded with a grant of £105,492 in 2009.

Infant vocabulary skills and later reading difficulties

A project led by Professor Kate Nation at the University of Oxford aimed to identify whether reading difficulties at primary school can be predicted by vocabulary skills in infants. Researchers measured language skills in a group of 300 one- and two-year-olds and then assessed the reading and language skills of the same children when they were in primary school. The research team found there was a relationship between the two, but concluded it was not strong enough to justify using measurement of infant vocabulary to identify individual children at risk of language or reading difficulties. The team also found that the prediction of which infants might go on to have reading difficulties was significantly improved by considering their family history. Infants with smaller vocabularies who came from a family where there was a history of reading or language difficulties were more likely to show reading difficulties themselves than children without family risk. The project was funded by a grant of £150,016 in 2012.

Economic advantage and disadvantage

Green Budget

For several years we have funded much of the work that informs the Institute for Fiscal Studies' (IFS) Green Budget, which offers a detailed, independent, and rigorous analysis of the UK's economy, tax policy and public finances, and considers the various options available to the Chancellor ahead of the Budget in March. It is valued enormously by

policymakers, journalists, analysts, and all those seeking to engage with the debate about our public finances, something that is evident by the growing number of people who attend the launch event each year. In 2015 this was over 400 people and the report dominated the political and economic news agenda for the week.

We were pleased that this year the Green Budget was co-funded, and produced in association with, the Institute of Chartered Accountants in England and Wales (ICAEW). This will help to secure the sustainability of the Green Budget as an annual fixture in the fiscal calendar and consequently to ensure that public debate is informed by non-partisan analysis. Our current funding of £300,000 was awarded in 2013 and will contribute to the cost of producing the Green Budget each year from 2014 to 2017.

Tax and benefits over a lifetime

Another Nuffield-funded project undertaken by the IFS looked at how taking a lifetime – rather than a single-year snapshot – perspective changes our view of inequality, redistribution and reforms to the tax and benefit system. The team, led by Jonathan Shaw, used data on the baby boom generation (born 1945–54) and found that taking adult life as a whole, 93% of people pay more in taxes than they receive in social security, compared to 64% of people when measured in a single year. More than half of the redistribution achieved by tax and benefit is effectively across periods of life rather than between different people. Similarly, income inequality is much lower from a lifetime perspective, indicating that much of it is temporary in nature.

The researchers conclude that the policy distinction made between 'working' and 'non-working' people is not useful because very few individuals are permanently out of work. In addition, the existing tax and benefit system, assessed largely against circumstances in the current year, doesn't do especially well at redistributing resources towards the lifetime poor. The project was funded with a grant of £296,413 in 2012 and the report was launched at a seminar held at the Foundation in September.

Fiscal framework for Scottish tax and welfare devolution

In June we funded a project to investigate the fiscal issues in implementing the Smith Commission's proposals about which new powers should be transferred

from Westminster to Scotland and how to do this in a way which was to the detriment of neither country. The project, led by Professor David Bell at the University of Stirling, published interim findings in November which concluded it was not possible to satisfy the Smith Commission's 'no detriment' principles, and that the precise way in which the remaining block grants are calculated and indexed over time could mean differences of over a billion pounds a year in the Scottish Government's budget in the space of a decade or so. It recommended a more fundamental reassessment of devolved finance – including the operation of the Barnett Formula.

These findings were widely reported in the media and Professor Bell was interviewed for many major media outlets. Once the two governments have published an agreement on the chosen method of indexing the block grant, Professor Bell and his team will undertake further analysis, including international comparisons and assessing the likely impact on the Scottish government's budget and the associated risks. The grant was for £29,980 and the team will report on the next phase in March 2016.

Finances of ageing

A policy vision for pensions success

A report published by ShareAction in July called for policy-makers to stop using heavy-handed regulation to promote behavioural change in the pensions sector and focus instead on encouraging fit-for-purpose business models and governance structures. The organisation's international comparative research concluded that the UK's pension system is creaking, with two regulators, two legal regimes, and ever more detailed rules and codes of practice. They highlight a system in crisis, suggesting that from 2000–2012 the average real return delivered to UK pension savers was negative (-0.7%), compared to 3.8% in Denmark for example.

ShareAction concluded that regulation has failed to promote behaviour change in the sector and made a series of recommendations for other options, such as the consolidation of pension schemes to remove underperforming schemes, aligning employers' and savers interests, and empowering independent governance committees. This report is one of several outputs from a project funded with a grant of £130,612 in 2012.

Law in society

Court of Protection

In April, researchers at the School of Law and Politics at Cardiff University published a report calling for an overhaul of the way the Court of Protection works with the media. The Court of Protection makes decisions about the care and treatment of people who lack mental capacity with conditions like dementia, learning disabilities and mental health problems. Restrictions on the ways cases are reported by the media are designed to protect privacy, but this needs to be balanced against the need to openly discuss issues raised where they are in the public interest. The report proposes that the rules be changed to allow the media to attend important welfare hearings such as serious medical treatment cases without having to make an application, as is currently the situation. It also recommends greater legal clarity on when parties and legal representatives can lawfully inform the media about a case and improved mechanisms for doing so.

The report is part of a wider project being led by Professor Phil Fennel that is gathering empirical data on welfare cases in the Court of Protection, particularly in relation to its accessibility, efficiency, and transparency. The project was funded with a grant of £205,938 in 2013 and will make its final report in 2017.

Family courts

A project undertaken by Dr Maebh Harding from the University of Warwick concluded there was no evidence that family courts in England and Wales are discriminating against fathers because of gender bias. Her review of almost 200 case files concluded that contact applications by fathers were in fact "overwhelmingly successful" and there was a similar success rate for mothers and fathers applying for orders to have their children live with them. However, Dr Harding voiced concerns that decisions were being used as a way to ensure adult fairness rather than achieving the best arrangement for the children. Her report also questions the impact of recent cuts to legal aid, which will remove court as a viable option for many parents. The findings were widely reported in the media. The project was funded with a grant of £106,453 in 2012.

Supervision orders and special guardianship

Professor Judith Harwin published the first in a series of briefing papers on findings from a national study of supervision and special guardianship orders (SGOs) in December. Using Cafcass data on national and regional trends in the use of SGOs between 2007 and 2015, Professor Harwin found that the use of SGOs (which give carers parental responsibility) has been increasing, even for children under one, and they are now almost as likely to be used as placement orders (placing a child for adoption). Increasingly, SGOs are being accompanied by supervision orders, which give the local authority the right to monitor the child's needs and progress: 29% of special guardianship orders are now accompanied by a supervision order, compared to 11% in 2010.

The researchers concluded that special guardianship orders are being used in a different way to that intended, and highlight the lack of evidence on the contribution of supervision orders to child well-being in general and supporting special guardianship orders in particular. The project was originally funded with a grant of £364,517 in March 2015 and a further £99,965 was awarded in July to expand the study so that it could increase its impact and inform a government review on the use of special guardianship. The project's findings formed a substantial part of the government review and were influential in the decision to implement policy change in this area by creating a more robust assessment framework for potential special guardians.

The second phase of the project is a national longitudinal study that charts children's individual pathways to generate a national picture of how supervision orders and special guardianship orders are used over time. The project will make its final report in 2017.

New podcast series

December saw the launch of a project to share and promote the facts about human rights through podcasting. *The Rights Track* is a series of 12 podcast episodes in which Professor Todd Landman from the University of Nottingham interviews some of the top human rights experts from around the world. Each podcast tackles a key question or issue and aims to shed light on it by looking at the evidence. The podcasts are accessible to anyone with an interest in human rights issues and evidence. Production will continue

throughout 2016 and all episodes will be available online at www.rightstrack.org. The project was funded with a grant of £23,782 in September 2015.

Family justice observatory

Last year we reported on a seminar convened to discuss how we might facilitate better use of research evidence within the family justice system. The consensus was that a new infrastructure was required, not only to improve the research base for family justice, but crucially, to improve its integration, communication and application, and its accessibility to practitioners across the board. In October 2015 we published a briefing paper setting out what the Foundation sees as the fundamental purpose and functions of the new infrastructure. We have provisionally called this a 'family justice observatory', although in reality a consortium of organisations acting collectively is more likely than a single institution.

The briefing paper sets out what we see as the four main functions of a family justice observatory: Improving the evidence base, synthesising and integrating the evidence, promoting the use of evidence, and capacity building. We held a seminar to launch the briefing paper, which was chaired by Lord Justice Ryder and enabled us to consult key stakeholders on some of the design parameters set out in our proposals for an observatory. This in turn informed our development of an invitation to tender for a scoping study to develop proposals for the purpose, functions and delivery options for a family justice observatory. The scoping study is scheduled to begin in March 2016. The seminar was attended by David Norgrove, Chair of the Family Justice Board who invited us to present the proposals to his Board.

Open Door

General Election 2015

Last year we reported on several grants made with the aim of informing public debate ahead of the General Election in May. In 2015 we saw the second phase of impact from these. First was the final report from the Social Policy in a Cold Climate project, led by Professor John Hills at the LSE and Professor Ruth Lupton at the University of Manchester, and co-funded

with the Joseph Rowntree Foundation and the Trust for London. The team researched recession, spending changes, policy reform and the distribution of wealth in the UK from 2007 to 2014. The first wave of analysis which assessed the performance of the last Labour government was published in 2013, and the second wave, on the performance of the coalition government, was published in January 2015.

The research found that poorer groups were worst affected by changes to direct taxes, benefits and tax credits under the coalition government. As a result, poverty has been increasing and will get worse in the next five years. The 2015 report also reveals that families with young children have been hit harder than any other household type under the coalition's cuts. Real spending per child on early education, childcare and Sure Start services fell by a quarter between 2009–10 and 2012–13 and tax-benefit reforms hit families with children under five harder than any other household type. The team's analysis looked in detail at policy, spending, outcomes and trends across nine different areas of social policy.

The findings were widely reported in the media in the context of debates running up to the General Election, which was one of the desired objectives. The analysis is currently being updated and will be published as a book by Policy Press in 2016. Detailed reports for each of the areas of social policy, as well as an innovative online data explorer are freely available via the Centre for Analysis of Social Exclusion (CASE) website. The project was funded with a grant of £353,179 in 2011.

We also funded the IFS Election Briefings, which were intended to provide analysis of what has happened over the last parliament and the implications for different parties' fiscal policies. The scope of the briefings covers public finances, public spending, living standards, earnings, inequality, tax, welfare, pensions, education and productivity. All the briefings were made available on a dedicated election microsite, which was used by all major media outlets in their coverage of the campaign and was referred to as a 'service to the nation' by the Guardian's political correspondent Andrew Sparrow. The project was funded with a grant of £128,695 in 2014.

The final grant made to inform public debate during the election campaign was one of £75,000 to Full Fact, an independent, non-partisan, fact-checking charity. This funding enabled Full Fact to provide

an 18-hour-a-day fact-checking service during the campaign. A team of experts was able to check claims made by all contributors to election debates, almost in real time. The team highlighted 'manifesto clashes', where the main political parties were using very different 'facts' about the same policy issue, and tried to shed light on the competing claims with the independent evidence available. They also highlighted areas that were effectively gaps in the evidence meaning the questions couldn't be answered. Perhaps most worryingly, they also identified a number of examples of political parties making important claims based on publicly-funded research and analysis which was not publicly available.

Worried parents restricting children's freedom

Research published in August by the Policy Studies Institute revealed that parents in England are more restrictive than those in other European countries, granting their children less freedom to travel and play in their local neighbourhood unaccompanied by adults.

The research, led by Ben Shaw, compares children's independent mobility in 16 countries around the world based on a survey of over 18,000 children aged seven to 15 from 2010–2012. The study found that children's independent mobility – their ability to travel and play in their local area unsupervised by adults – varies widely across the 16 countries. Significant restrictions are placed on children in nearly all the countries surveyed with the research revealing that fear of traffic was the biggest factor influencing their decision. England's aggregate rank placed it in seventh place behind countries including Finland and Germany where children are on average afforded greater freedom.

The report makes a series of recommendations for improving children's independent mobility, including reducing car dependency and adopting Daylight Saving Time to allow children to utilise daylight hours and reducing road casualties. These were the subject of media debate. The project was funded with a grant of £82,831 in 2010.

Education

Adult apprenticeships

The first piece of major research on adult apprenticeships in the UK was undertaken by Professor Alison Fuller at the UCL Institute of Education and published in March. It found that 45% of all apprentices are 25 and over, with 3,000 over 60 in 2012/13. Researchers carried out case studies and face-to-face interviews in the five main sectors employing and training apprentices: social care; healthcare; hospitality; transport and energy. They found that while under-19 apprentices are predominately male, women comprise 61% of adult apprentices aged 25 and over. They also found there was a lack of consistency in the quality and the substance of the apprenticeships on offer. Some of the apprentices in the study were merely accredited for the skills and knowledge they had already, while others were building new levels of occupational expertise and a grounding for career progression. This led Professor Fuller to conclude that the term 'apprenticeship' is being misused as it was accrediting adults for existing skills. She recommended that employers and training providers work together to develop appropriate publicly funded courses for an ageing workforce. The project was funded with a grant of £139,788 in 2013.

Student mothers

A project led by Dr Clare Lyonette at the University of Warwick reported in August that key professions such as nursing, teaching, and social work are losing thousands of potential recruits as student mothers drop out of higher education due to a lack of support from universities. The research used data from 'Futuretrack', a longitudinal student survey, to undertake the first detailed examination of higher education students who combine studying with care for their children. Dr Lyonette found that there is a trend for mothers to do a particular degree with a specific job in mind, such as midwifery, teaching or social work, but that they were often poorly-informed about what those jobs would entail when they applied.

As a result, they often dropped out late into the degree or during a postgraduate year, with placements on some of the courses "very unforgiving" and often representing a "crunch point". The report calls for universities to take action to ensure that courses

with a high number of student mothers are structured in way that facilitates childcare.

These findings were widely discussed in the media, and will be the subject of further debate at an event we are convening to bring together evidence on student parents with the aim of synthesising findings and making further recommendations for policy change. Dr Clare Lyonette's project was funded with a grant of £42,359 in 2013.

Foster care protects the education of children in care

In November, we hosted the launch of a joint project by the University of Oxford and the University of Bristol which was funded with a grant of £159,409 in 2014. The project sought to identify the key factors that influence how well children in care do in schools in England. Led by Professor Judy Sebba, the team looked at the academic scores in the national curriculum tests of thousands of children at the end of primary school, comparing them with eventual GCSE results at age 16. They found that children who are fostered make better educational progress than children who remain living with their families while receiving social work support. In general, the longer they are in care the better they do.

After controlling for other factors, researchers estimate that by the age of 16, children in foster care or kinship care achieved GCSEs at least six grades higher, on average, than children in other forms of care. Other key factors are the number of school absences, the timing and number of care placements or school moves, and the type of school attended. The launch event was addressed by Edward Timpson MP, the Children and Families Minister, and the findings were widely discussed in the media. The researchers have since also engaged with key public bodies such as the Department for Education, Ofsted and the Association of Directors of Children's Services about future procedures and policies.



CAPACITY BUILDING

We believe policy and practice should be influenced by independent and rigorous evidence. We aim to ensure longer-term capacity for such work by supporting the development of young scientists and social scientists. We are unusual in linking capacity building in our areas of interest with investment in long-term change.

Nuffield Research Placements (NRP)

Nuffield Research Placements are designed to encourage more young people, particularly those from less well-off backgrounds, to choose further study and careers in science, technology, engineering and maths (STEM). They provide year 12 (or equivalent) students with the opportunity to spend their summer holidays working on a research project in a professional environment. Students are recruited by a network of regional coordinators. In 2015 we supported 1,164 students, a slight increase from 1,099 in 2014.

For the past three years we have reported on significant gains in our aim to target students from less well-off backgrounds. This year we saw something of a plateau effect. **Figure 1** shows the Free School Meals (FSM) categories of the participating students' schools over the past five years. Category 0 represents schools with no students eligible for FSM (and those

where there is no data, mainly independent schools), and Category 4 represents schools with the highest proportion of students eligible for FSM. In 2015, the number of students from category 4 schools remained at the same level as the previous year, and there was a slight decrease in the number from category 3 schools.

Figure 2 shows the demographic shift in participating students over the past five years. Using the Indices of Multiple Deprivation measure, relating to home postcodes, over time we have increased the proportion of students who come from the most disadvantaged households. In 2015, there was a slight decrease in the proportion of students from the most disadvantaged backgrounds, although the proportion who were more disadvantaged than average increased slightly. All students have their travel costs paid, reducing financial barriers to participation, and those from the most disadvantaged backgrounds receive an additional bursary. The proportion receiving a bursary in 2015 remained the same as the previous year, at 46%.

A key goal for 2016 is to understand this plateau effect and to implement a strategy for returning to the positive trajectory in terms of proportion of target students. Measures include changes in regional coordinators and focus within regions, changes in the allocation of placement numbers across regions, and amended incentive structures for coordinators to recruit students from target schools and neighbourhoods.

Figure 1 | Free School Meals Category of Schools/Colleges of NRP Students

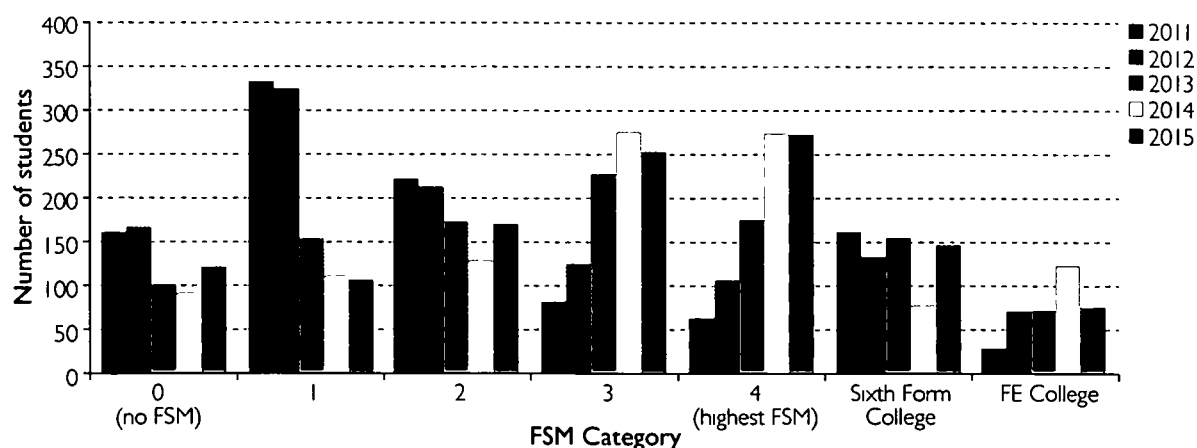
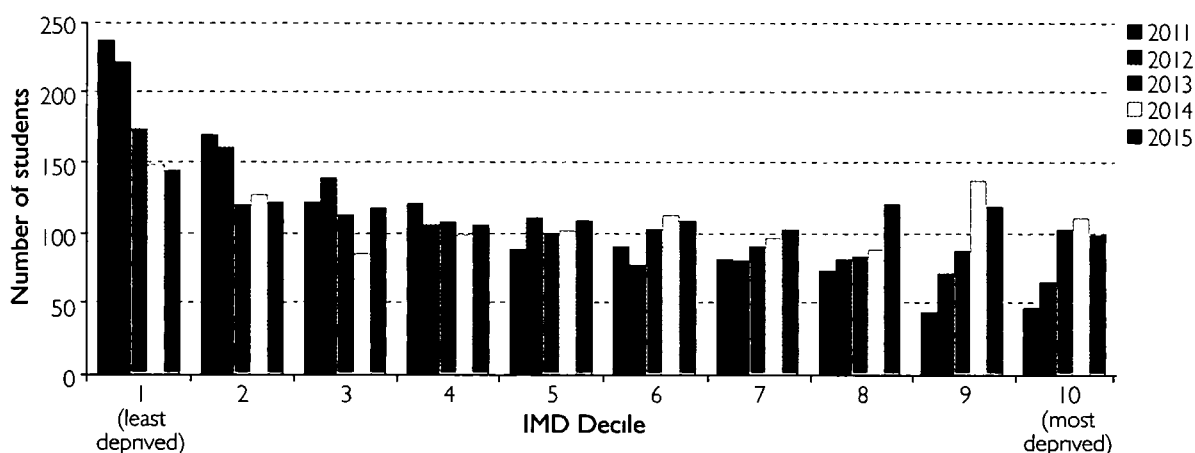


Figure 2 | NRP Students by Indices of Multiple Deprivation Decile



Additional funding secured

We secured co-funding of £293,687 for Nuffield Research Placements for the period 2016–19 from the Wellcome Trust Engaging Science Awards. Other co-funders for 2016 are Research Councils UK, the Royal Society of Chemistry and the Microbiology Society. In addition to the financial contribution, these partnerships help us to secure research placement providers in strategically important areas.

Social science placements

We have continued to pilot the use of social science settings for mathematics or statistics-oriented placements. New institutions offering placements this year included the Institute for Employment Research at the University of Warwick, the National Foundation for Educational Research, the Fisher Family Trust and the Institute for Public Policy Research.

Longer-term impact

We are set to embark on a five-year longitudinal study to track the progress of former students so that we can evaluate and understand the impact of their Nuffield Research Placement on their subsequent education, experiences, career choices and employment destinations. The study will be undertaken by an independent research team following a competitive tender early in 2016. A key component of the study will be a quantitative

impact assessment which will estimate the impact of participation on outcomes in comparison with a group of young people with similar characteristics who have not participated. The study will also provide insight into the views and experiences of project providers, supervisors and students using surveys and qualitative research methods. Findings will also identify perceived challenges to providing placements, participation in them, and ways to overcome these, allowing us to develop the programme.

Q-Step

Q-Step is a £19.5 million programme designed to promote a step-change in undergraduate quantitative social science training in the UK. Over a five-year period from 2013, fifteen universities across the UK are delivering specialist undergraduate programmes, including new courses, work placements and pathways to postgraduate study. Q-Step is co-funded by the Economic and Social Research Council (ESRC) and the Higher Education Funding Council for England (HEFCE).

In addition to the 15 Q-Step Centres, Q-Step Affiliate status has been awarded to groups of departments in a further three universities that demonstrate a high level of commitment to the aims of Q-Step. The Q-Step Affiliates (the Universities of Essex, Northampton and Southampton) will

broaden the reach of the programme and have been awarded funding for student bursaries for short courses and work placements associated with their revised training provision.

Following the formal launch of Q-Step in 2014, the 15 Q-Step Centres have focussed on establishing key personnel in post and developing and modifying new and existing degree programmes and modules. Forty-one entirely new degree programmes have been created and validated, and a further 18 modified to reflect new quantitative training opportunities. In addition, 90 new modules have been established and validated with 70 others being modified to reflect the Q-Step agenda.

So far, 368 students are directly engaged in degree programmes, with a further 5,157 having taken up one or more of the available modules. These figures are lower than our target numbers, and a priority for 2016 and beyond will be to boost numbers through a programme of activities designed to strengthen the 'pipeline' both through recruitment and promotion and outreach work. We are also encouraging Q-Step Centres to take a more systematic approach to their outreach work with schools and employers. This is already starting to bear fruits, and we were delighted that 2015 saw our first Q-Step graduate (from Manchester University) secure a permanent job with her work-placement employer.

In November we convened a Q-Step Symposium to facilitate the exchange of ideas and experiences between the Q-Step Centres. The symposium was held at the University of Warwick and was designed to provide structured opportunities for sharing teaching expertise and experience as well as engaging with the three funders in planning for the future of Q-Step.

Looking ahead, we will conduct an interim evaluation in the first half of 2016, which will capture the key learning to date, and inform our strategy for sharing the lessons from Q-Step beyond the 15 Centres and three Affiliates.

Oliver Bird Rheumatism Programme

The Oliver Bird Rheumatism Programme ended in 2015 and we have undertaken a light-touch assessment of its outcomes by tracking students' careers, publications and other outputs, and the wider institutional

impacts. This analysis is contributing to a wider piece of work to identify the best use of the Oliver Bird Fund – restricted to issues related to arthritis and rheumatism – in future.

Since the establishment of the programme in 2004, 59 PhDs have been awarded, with a final additional award expected to be made in 2016. An analysis of Research Excellence Framework (REF) submissions suggests that almost half of the students supported have contributed to papers submitted in REF 2014. Of those who successfully completed their PhDs, 56 progressed to a related first postdoctoral position in areas related to rheumatism research.

We have been very pleased to see recent personal grant success from Arthritis Research UK for two of our former students: Dr Charis Pericleous has been awarded a five-year Career Development Fellowship at Imperial College to continue her work on the anti-phospholipid syndrome which can cause early loss of pregnancy, and Dr Sarah Headland has received a Foundation Fellowship to begin her post-doctoral research. Sarah also contributed to a discovery of a new strategy for treating arthritis. The research team based at Queen Mary University of London (one of the Oliver Bird Centres of Excellence) found that arthritic cartilage, previously thought to be impenetrable to therapies, could be treated by a patient's own 'microvesicles' that are able to travel into cartilage cells and deliver therapeutic agents. These findings were reported in *Science Translational Medicine* in November.

Commonwealth Relations Trust and the Africa Programme

The Commonwealth Relations Trust is a subsidiary trust of the Nuffield Foundation generating about £350,000 of investment income each year. Most recently we have used this money to fund research and capacity building projects in southern and eastern Africa under our Africa Programme. Although this programme is now closed, two large projects funded by it are ongoing. The first of these is the European Foundation Initiative for Neglected Tropical Diseases (EFINTD), which aims to strengthen research capacity in both biomedicine and public health aspects of diseases such as sleeping sickness, intestinal worms and river blindness. One of the main

mechanisms for doing this is by funding fellowships for young African researchers in African research institutions and facilitating them to form a network.

The second project, funded with a five-year grant of £583,287 in 2013 is a study led by Professor Lucy Cluver at the University of Oxford to identify psychosocial, family and service mechanisms to improve adherence to antiretroviral medication amongst adolescents in Southern Africa. Initial findings highlight the importance of social predictors of adolescent adherence to their anti-retroviral treatment and suggest ways in which adherence may be improved. In November we hosted a workshop at the Foundation to discuss the use of longitudinal studies as a platform for evaluating interventions using Professor Cluver's project as a case study. She will publish her final report in 2016.

The report – *Children and clinical research: ethical issues* – is the result of a two-year inquiry, which heard from over 500 professionals, parents, children and young people, in the UK and internationally.

A third report published in 2015 concluded that confusion over what people mean when they describe science, technology and medicine as 'unnatural' could be causing people to talk at cross purposes, hampering public debates. The Council set out five understandings of naturalness that show the different ways in which the terms natural and unnatural are used and makes a series of recommendations for how different groups, including policy-makers, journalists and advertisers, should apply these terms.

Other projects underway include one on the increasing use of cosmetic procedures, and another on genome editing. All these projects are reported on in detail in the Council's own annual report available on its website, www.nuffieldbioethics.org

Nuffield Council on Bioethics

The Nuffield Council on Bioethics examines and reports on ethical issues in biology and medicine. It was established by the Trustees of the Nuffield Foundation in 1991, and since 1994 has been funded jointly by the Nuffield Foundation, the Wellcome Trust and the Medical Research Council.

In 2015 the Council reported on three of its larger-scale inquiries. The first of these, on the collection, linking and use of biomedical research and health care, concluded that public participation should be at the heart of big data projects in healthcare and biomedical research. The report warns that by not taking into account people's preferences and values, projects that could deliver significant public good may continue to be challenged and fail to secure public confidence. The report calls for greater transparency about how people's data are used, and recommends the introduction of criminal penalties in the UK for the misuse of data.

In May, the Council called for a change in culture across all areas of children's health research, so that children and young peoples' views and opinions can help to shape how research is prioritised, designed and reviewed. Unless ethical concerns about asking children to take part in research are addressed, our understanding of childhood disorders and ability to provide evidence-based care will remain limited.

Grants awarded during 2015

Name	Purpose	Value (£)	Term (m)
Social Policy			
Early Years Education and Childcare			
Dr Gabriella Conti, Institute for Fiscal Studies	The health effects of early interventions: evidence from Sure Start	143,000	18
Dr Kitty Stewart, Centre for Analysis of Social Exclusion, London School of Economics	Segregation in early years settings: patterns, drivers and outcomes	138,163	32
Professor Anne West, Department of Social Policy, LSE	Public funding of early years education in England: National policy and local implementation	72,488	15
Sandra Mathers, Department of Education, University of Oxford	Looked after children in England: access to and experiences of early years education – a scoping study	48,503	9
Professor Sue Rogers, UCL Institute of Education, University College London	A systematic review of the evidence-base for professional learning in early years education (The PLEYE review)	40,379	12
TOTAL: EARLY YEARS EDUCATION AND CHILDCARE		442,533	

Name	Purpose	Value (£)	Term (m)
Children and Families			
Professor Carol Dezateux, Institute of Child Health, University College London	<i>Life Study</i> augmenting recruitment and retention of resident and non-resident fathers and partners (subsequently reduced to £96,724)	1,373,563	58
Dr Polly Vizard, Centre for Analysis of Social Exclusion, London School of Economics	Multidimensional child poverty and disadvantage, tackling 'data exclusion' and extending the evidence base on missing and 'invisible' children	169,583	18
Professor Barbara Maughan, Department of Child and Adolescent Psychiatry, King's College London	The long term consequences of infant domestic adoption	88,232	18
Matt Barnard, Anna Freud Centre	Feasibility study for research into improving children's social services	26,096	8
Professor Kathleen Kiernan, Department of Social Policy and Social Work, University of York	Fathers and partners in <i>Life Study</i> background, outcomes and lessons	8,842	3
	Other grants	75,551	
	Cancelled grants	(1,334,586)	
TOTAL: CHILDREN AND FAMILIES		407,281	
Law in Society			
Professor Judith Harwin, School of Health Sciences and Social Care, Brunel University	A national study of the contribution of supervision orders and special guardianship to family justice, children's services and child outcomes	460,482	24
Professor Liz Trinder, School of Law, University of Exeter	Finding Fault? Divorce law in practice in England and Wales	342,545	24
Dr Claire Bennett, National Centre for Social Research	Women's Asylum Appeals Project (WAAP)	99,191	12
Juliet Lyon, Prison Reform Trust	A dragnet sentence? The doctrine of joint enterprise: understanding its application and implications	48,541	9

Name	Purpose	Value (£)	Term (m)
Dr Philippa Webb, Dickson Poon School of Law, King's College London	The right to a fair trial under international law – comparative perspectives	48,086	18
Penelope Welbourne, Faculty of Health and Human Sciences, University of Plymouth	Getting it right in time: parents who lack litigation capacity in public law proceedings	31,018	18
Richard White, Michael Sieff Foundation	Continuing implementation of recommendations of the Carlile report on the operation and effectiveness of the Youth Court	25,000	12
Professor Todd Landman, Department of Government, University of Essex	<i>The Rights Track</i> podcast series	23,782	12
Professor Mark Button, Institute of Criminal Justice Studies, University of Portsmouth	The fraud 'justice systems' a scoping study on the civil, regulatory and private paths to 'justice' for fraudsters	21,342	6
	Cancelled grants	(40,702)	
TOTAL: LAW IN SOCIETY		1,059,285	
Economic Advantage and Disadvantage			
Robert Joyce, Institute for Fiscal Studies	The transmission of labour market shocks through to the distribution of living standards	194,525	18
Professor Paul Gregg, Department of Social and Policy Sciences, University of Bath	Understanding Britain's falling real wages	102,573	18
Dr Rod Hick, Cardiff School of Social Sciences, Cardiff University	The best route out of poverty? A study of in-work poverty and policy in the UK	47,459	12
Professor David Bell, Stirling Management School, University of Stirling	Fiscal issues in implementing the Smith Commission proposals and further devolution	29,980	6
TOTAL: ECONOMIC ADVANTAGE AND DISADVANTAGE		374,537	

Name	Purpose	Value (£)	Term (m)
Open Door			
Anna Taylor, Food Foundation	Present solutions to government and the private sector to address the growing social, health and nutritional problems facing the UK's food system	173,522	20
Dr Mark Bennister, School of Psychology, Politics and Sociology, Canterbury Christ Church University	Prime Ministerial accountability to Parliament making Liaison Committee more effective	33,772	13
	Other grants	48,000	
	Cancelled grants	(32,483)	
	TOTAL: OPEN DOOR	222,811	
	TOTAL: SOCIAL POLICY	2,506,447	
Education			
Professor Brahm Norwich, Graduate School of Education, University of Exeter	An innovative classroom reading intervention for Year 2 and 3 pupils who are struggling to learn to read. evaluating the Integrated Group Reading (IGR) programme	291,156	28
Professor Jeremy Hodgen, School of Education, University of Nottingham	Low attainment in mathematics: an investigation focusing on Year 9 students in England	245,066	24
Professor Colin Davis, School of Experimental Psychology, University of Bristol	Improving literacy outcomes in struggling readers: a randomised control study of a morphological intervention	199,907	36
Dr Rita Gardner, Royal Geographical Society (with the Institute of British Geographers)	Strengthening quantitative skills through geography	193,515	24
Dr Erzsebet Bukodi, Department of Social Policy and Intervention, University of Oxford	Social origins, cognitive ability and educational attainment: a birth cohort and life-course perspective	181,487	24

Name	Purpose	Value (£)	Term (m)
Professor Toby Greany, London Centre for Leadership in Learning, UCL Institute for Education, University College London	Understanding the self-improving school-led system (quantitative strand)	152,304	18
Professor Dan Anderberg, Department of Economics, Royal Holloway, University of London	Understanding success: expectations, heterogeneity, and inputs in higher education	29,789	30
Sarah Williams, Think Global Development Education Association	Statistical approaches to international development a teaching toolkit	28,400	16
Dr Jake Anders, National Institute of Economic and Social Research	Socio-economic status and subject choice at 14: do they interact to affect university access?	31,959	18
	Other grants	72,027	
	Cancelled grants	(61,823)	
	TOTAL: EDUCATION	1,363,787	
	Capacity Building		
	Q-Step Support Programme		
	Grants of less than £35,000	23,245	
	Cancelled grants	(1,000)	
	TOTAL: Q-STEP SUPPORT PROGRAMME	22,245	
	Nuffield Research Placements		
	1,164 placements	678,203	
	Cancelled grants	(373)	
	TOTAL: NUFFIELD RESEARCH PLACEMENTS	677,830	

Name	Purpose	Value (£)	Term (m)
	Africa Programme		
	Cancelled grants	(165,723)	
	TOTAL: CAPACITY BUILDING	534,352	
	TOTAL: GRANTS AWARDED	6,041,276	
	TOTAL: GRANTS CANCELLED	(1,636,690)	
	TOTAL: ALL PROGRAMMES	4,404,586	

Structure, governance and management

The Trust Deed

The Nuffield Foundation is a charity registered with the Charity Commission (206601). It was established by Trust Deed on 9 June 1943 by Lord Nuffield. The Trust Deed details the objects of the Foundation which include: the advancement of health; the advancement of social well-being; the advancement of education; the care and comfort of the aged poor; the relief of handicaps; the benefit of the Commonwealth and 'such other charitable purposes as shall be declared in writing by all the Trustees'.

The Trust Deed has been amended on a number of occasions, most recently in 2003. A Common Investment Fund was established by a Charity Commission scheme which took effect on 1 January 1980. It allowed the investments of different charities (but for which the Foundation Trustees were also responsible) to be invested as one unit. Subsequently these funds (the Oliver Bird Fund, the Elizabeth Nuffield Educational Fund and the Commonwealth Relations Trust) have been classified as 'subsidiary charities' of the Foundation and are only identified separately in the notes to these accounts.

Trustees

The Foundation has seven Trustees (who act jointly as a corporate body created under the powers now in the Charities Act 2011). They are appointed by other Trustees and serve a maximum of twelve years. Trustees meet four times a year. Trustees retain overall responsibility for all activities of the Foundation and have established a structure of delegation and reporting that enables them to conduct its business effectively. All strategic and policy decisions are taken by Trustees collectively and they are advised by the following committees:

- **Investment Committee** (includes three Trustees and two independent investment professionals): considers the Foundation's asset allocation and monitors investment performance, and can appoint and dismiss investment managers.

- **Audit and Risk Committee** (includes two Trustees and an independent accountant): responsible for the process leading to the preparation of the annual financial statements (and their assumptions), the control environment, and the detailed consideration of risk including the Global Custodian's performance
- **Staff and Remuneration Committee** (comprising two Trustees): charged with oversight and development of the Foundation's staffing policies.
- **Nominations and Governance Committee** (comprising three Trustees): examines the way the charity is governed, and recommends changes to Trustees. It also identifies potential new Trustees.

A 'Panel for Trustee Remuneration' is externally chaired and periodically reviews the remuneration of Trustees. Terms of reference for all committees and panels, and parameters for the delegation of authority to senior staff are set by Trustees. New Trustees receive an induction, including a series of meetings with other Trustees and senior staff, and a *Handbook for Trustees*, containing information about procedures, committees, meetings, decision-making, and financial procedures at the Nuffield Foundation.

Organisational structure and management of the Foundation

The Foundation employs 32 full-time equivalent staff including those who make up the secretariat of the Nuffield Council on Bioethics (a body that is legally part of the Foundation, but which has policy independence and whose staff are employed by the Foundation). A senior management team, comprising the Director (to be renamed Chief Executive when Tim Gardam takes up the post in September), Finance Director, Director of Education, Director of Social Research and Policy, and Head of Human Resources and Office Services is responsible for the management of the Foundation and for advising Trustees on strategic and operational matters. Trustees are responsible for grant-

making decisions at meetings, although these may be delegated according to agreed procedures.

Since 2014 the Foundation has been a Living Wage Employer, accredited by the Living Wage Foundation. For the Foundation, the practical effect of the Living Wage commitment means that now all our regular third-party contractors and suppliers (mainly catering and cleaning workers) receive at least the London Living Wage (£9.40 an hour in 2015), which is higher than the national minimum wage. We implement annual uplifts in January of each year.

Risk management statement

Trustees are responsible for the management of risks with detailed consideration of some matters delegated to the Audit and Risk Committee, supported by senior staff. In 2015 Trustees began a complete review of how risks are identified, assessed, and managed and this work will continue in 2016. Strategic areas of risk includes:

- Investment management, strategy and controls: an Investment Committee, together with extensive advice, ensures that assets are invested in such a way as to meet a range of outcomes.
- Resource allocation choices and reputational damage: Trustees are closely engaged in policy development and larger grant-making decisions.
- Financial controls and cash flow planning, budgeting and management accounting: this is controlled in line with best practice including segregation of duties and regular monitoring of management accounts against budgets and forecasts, overseen by the Audit and Risk Committee.
- People and performance: an active HR function ensures that policies are fair, up to date and applied properly.
- 'Group think' and external challenge is a risk trustees consider collectively and regularly in the light of current and planned activities.

Trustees are satisfied that the major risks identified through the risk management processes are adequately managed.

Statement of grant-making policy

All grants made under our major grant programmes are peer reviewed by independent referees, who include representatives from the policy and practice worlds, as well as research experts. We are grateful to all those who assist the Foundation in this process. Final decisions on these applications are made by Trustees. Nuffield Research Placements are awarded via a network of regional coordinators who allocate funding in line with agreed criteria.

Details of available funding and the application process for each programme are published on our website. We require ethical scrutiny of proposals involving primary research, and evidence of a commitment to the communication and dissemination of research findings. Most projects benefit from strong advisory groups which offer a range of technical, subject, policy and practice expertise. Grant-holders are required to submit an end-of-project assessment, with interim reports required for all but the shortest grants. All projects are expected to produce at least one public output setting out how their funds were used and what was achieved.

The Foundation holds a certificate of best practice in medical and health peer review from the Association of Medical Research Charities (AMRC).

Statement of policy on staff remuneration

Trustees aim to recruit and retain able staff to deliver the operational activities of the organisation. Staff are paid on a spine point scale according to the responsibility that their post entails. Pay is increased on the basis of a blended increase in national average earnings and retail inflation. Periodically staff pay is independently benchmarked to external comparators. Details of senior staff pay are given in Note 4 to the accounts.

Financial Review

The accounts have been prepared using the new 2015 Statement of Recommended Practice for Charities (SORP). A feature of this revised SORP is that net income now includes all investment gains and losses whereas previously they were shown below net income. Whilst this treatment accounts for the change in the Foundation's balance sheet over the year, it does not allow us to explain adequately how much of these gains was earmarked for distribution this year

and how much we decided to retain to preserve the endowment for the foreseeable future. Consequently, we have included below an alternative presentation to explain what we planned to spend, and how we spent it. **Table 1** is based on the pro forma Statement of Financial Activities (SOFA) but excludes the capital items, namely the investment fees and that part of the investment gain not earmarked by Trustees for distribution in line with our current policy.

Table 1 | 2015 Income results

		2015	2014
FUNDING	Ref	£000s	£000s
Investment income		5,756	5,721
Capital converted to income		5,257	5,150
Total return available for the year	Note 10	11,013	10,871
Restricted income	Note 2	831	672
Unrestricted income	Note 2	50	45
TOTAL FUNDING AVAILABLE		11,894	11,588
EXPENDITURE			
Grants		4,405	5,558
Direct staff and other costs		1,811	1,744
Support and governance		1,562	1,148
Pension exit		—	856
TOTAL EXPENDITURE	Note 3	7,778	9,306
Surplus for the year		4,116	2,282
Expenditure reserve at 31 Dec 2014		(593)	(2,875)
Expenditure reserve at 31 Dec 2015	Note 11	3,523	(593)
<i>Of which is unrestricted</i>	<i>Note 11</i>	<i>2,493</i>	<i>(700)</i>

Referring to **Table 1**, available funding for the year was £11.9m (2014: £11.5m), of which £5.3m (2014: £5.2m) was allocated from the endowment according to the current distribution policy (see below). In addition, we received £0.8m (2014: £0.6m) from third parties for co-funded programmes and projects including the Nuffield Council on Bioethics and Nuffield Research Placements.

Expenditure for the year was £7.8m, lower than budget and lower than the previous year (2014: £9.3m), partly because our pension scheme deficit was discharged in 2014 with a final charge of £0.9m but also because of general lower levels of expenditure. Our grant funding of £4.4m (after cancellations) was lower than 2014 (£5.6m) which was caused by a combination of factors including staff vacancies and organisational changes, the quality of applications, an increasing lot size for individual grants which means that if they cannot be completed as planned a large gap is left in the budget (which was particularly felt in 2015 due to the Research Councils' decision to withdraw funding from Life Study; see page 11). In addition, £291k of grants were awarded conditionally and were not yet finalised at year end, meaning that they do not qualify as 2015 expenditure. Trustees are reviewing expenditure projections, and are confident that in the coming years the balance between income and expenditure will be restored. Expenditure on staff and other costs (mainly the building) was as expected.

Referring to Note 11 in the pro-forma accounts, during the year Trustees agreed to clear the Q-Step Designated Fund with a transfer of £4.9m from the unrestricted, undesignated fund. The Q-Step fund was used to spread the cost of this £19m programme

over several years but is no longer needed as we have sufficient reserves to settle this in full now.

The year ended with a total surplus of £4.1m (2014: £2.2m), and an unrestricted surplus of £3.2m (2014: £1.4m). The two principal restricted funds (the Commonwealth Relations Trust and Oliver Bird Fund) generated a combined surplus of £0.9m (2014: £0.9m) while new spending plans for these programmes are developed (Note 11). We envisage a further surplus in 2016 while we develop longer term plans to bring the Unrestricted Expenditure Reserve back towards the midpoint of its range of +/-£2m from its current level of £2.5m.

Investment management and governance

As **Table 2** shows, although the absolute total return for the year of 7.9% was lower than that of 2014 (13.6%), the 43% out-performance of our benchmark was better (2014: 3.2%). When set against our annual distribution rate of 4.5%, this level of outperformance makes a significant contribution to the Foundation's financial well-being. Over a five-year period, the annualised outperformance is almost 2% a year, net of fees. Much of this comes from our substantial commitment to Private Equity which returned 20.7% in the year (2014: 25.7%) This is the result of several years of below benchmark returns whilst the portfolio was being built up, and this is partly reflected in the weaker ten-year performance. Over the long term we expect our private equity portfolio to contribute 3% more than the general global stock market. Equity managers returned 4.4% in the year (2014: 12.7%), but again outperformed their benchmark of 3.4% (2014: 10.1%).

Table 2 | Investment performance

Total Returns (%)	1 Year	3 Years	5 Years	10 years
Nuffield Foundation (net of fees)	7.9	12.6	9.3	6.8
Bespoke Benchmark (gross of fees)	3.6	10.8	7.4	6.8
WM Total Charities (gross of fees)	2.6	8.0	6.3	6.0
KEY				
Nuffield Foundation	Actual performance			
Bespoke Benchmark	90% MSCI ACWI; 10% UK 1–5 year Gilts			
WM Total Charities	Weighted average, including property			

In March we 'de-risked' the portfolio, selling £35m of equities to hold in short term gilts (£20m) and a portfolio of hedge funds (£15m), as part of a four-year trial with this new asset class. At the beginning of August, we closed our Asia Pacific fund, and in November we decided to cease hedging the currency exposures in the equity portfolio because of the unpredictable cash flows that were created. If the value of the endowment moves below the target value (in **Table 3**) we will 're-risk' by reinvesting £20m of gilts into the equity market in order to recover lost ground, but until that point we do not see an advantage in taking more risk than is necessary to maintain the real value of our endowment.

Accounting for total returns and reserves policy

Our intention is to produce a consistent and sustainable amount for expenditure and to maintain at least the purchasing power of the endowment over the long term. Our distribution policy since setting the 2014 budget has been to maintain the existing budget in real terms, so long as assets do not fall below a set floor.

Our reserves policy is driven by two components – one to monitor short term plans, the other to monitor the long term health of the Foundation. The short term plan is to keep the unrestricted expenditure reserve between – £2m and +£2m to allow for under-spending or over-spending from year to year with the intention

that everything that is made available for distribution is recognised as such.

The Restricted Expenditure Reserve comprises several restricted funds and these are all now in positive territory having absorbed the full costs of earlier grant programmes.

The second part of our policy reflects how we seek to preserve the endowment's value. The 'core endowment' represents the part of the assets we seek to maintain in real terms. It is based on the value of the endowments at 31 December 2003 together with an allowance for subsequent inflation; this 'real value' of the endowment is shown in **Table 3** as the 'target value at 31 December 2015'. If the value of the endowment is more than the target value we deem that it has been preserved in real terms; if smaller it has not. However, we expect a portfolio like ours to be volatile in a normal range of +/- 16% of this real value. Setting these upper and lower ranges enables us to identify when the endowment has drifted too far from its target value. If this happened, we would conduct a review of the distribution rate. The 'allowance for market volatility' simply reconciles the target value with the actual value of the endowment shown on the balance sheet. At 31 December 2015 the market value of the endowment total represented 117% of its target value (2014: 114%), meaning that the Foundation's long term reserves at the end of 2015 were above the upper range. This is shown in **Table 3**.

Table 3 | Reserves position

£000s	Lower limit	31/12/2015 Actual	Upper limit
Core endowment			
'Preserved Value' at 31 December 2003		188,311	
Allowance for inflation		70,726	
Target Value at 31 December 2015	217,591	259,037	300,483
Allowance for market volatility		44,951	
ENDOWMENT TOTAL	217,591	303,988	300,483
Expenditure reserve			
Restricted		1,030	
Unrestricted	(2,000)	2,493	2,000
TOTAL FUNDS		307,511	

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the *Charities Act 2011*. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Foundation's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Foundation's website is the responsibility of the trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Approved by the Trustees on 13 May 2016
and signed on their behalf by



Professor David Rhind
Chairman

Independent auditor's report to the Trustees of the Nuffield Foundation

We have audited the financial statements of the Nuffield Foundation for the year ended 31 December 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

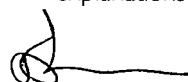
In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2015 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

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

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



BDO LLP, Statutory Auditor, Gatwick, United Kingdom:

Date:

16 May 2016

BDO LLP is eligible to act as an auditor in terms of section 1212 of the *Companies Act 2006*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Financial statements

Statement of financial activities

	Note	Unrestricted funds	Restricted funds	Endowed funds	Total 2015	Total 2014
		£000s	£000s	£000s	£000s	£000s
INCOME AND ENDOWMENTS						
Donations	2	1	830	–	831	672
Charitable activities		32	–	–	32	39
Investment income	6	5,155	369	232	5,756	5,721
Other income		18	–	–	18	5
TOTAL INCOME		5,206	1,199	232	6,637	6,438
EXPENDITURE ON RAISING FUNDS						
Investment management costs				1,782	1,782	1,658
CHARITABLE ACTIVITIES						
Social policy		2,941	60	–	3,001	3,392
Capacity building		1,069	307	–	1,376	1,421
Education		1,668	95	–	1,763	2,293
Nuffield Council on Bioethics		1,044	594	–	1,638	1,344
OTHER RESOURCES EXPENDED						
Pension scheme exit						856
TOTAL EXPENDITURE	3	6,722	1,056	1,782	9,560	10,964
Net gain on investments		–	–	19,943	19,943	32,840
NET INCOME/(EXPENDITURE)		(1,516)	143	18,393	17,020	28,314
Transfers between funds		4,709	780	(5,489)	–	–
NET OUTGOING RESOURCES						
After transfers		3,193	923	12,904	17,020	28,314
Gains on revaluation of fixed assets		–	–	–	–	1,175
NET MOVEMENT IN FUNDS		3,193	923	12,904	17,020	29,489
RECONCILIATION OF FUNDS:						
Total fund brought forward at 1 January		(700)	107	291,084	290,491	261,002
TOTAL FUNDS CARRIED FORWARD AT 31 DECEMBER		2,493	1,030	303,988	307,511	290,491

	2014 Unrestricted funds	2014 Restricted funds	2014 Endowed funds	2014 Total
(Comparative Information)	£000s	£000s	£000s	£000s
STATEMENT OF FINANCIAL ACTIVITIES				
Total income	5,210	998	230	6,438
Total expenditure	(8,442)	(864)	(1,658)	(10,964)
Transfers between funds	4,612	768	(5,380)	–
Net gains on investments	–	–	34,015	34,015
Net movements on funds	1,380	902	27,207	29,489

Balance sheet

		2015	2014
		£000s	£000s
FIXED ASSETS			
Tangible fixed assets	5	5,411	5,505
Investments	6	322,541	307,446
Programme related investments	6	100	100
		328,052	313,051
CURRENT ASSETS			
Debtors	7	6,221	7,113
Bank and cash		1,161	461
		7,382	7,574
LIABILITIES: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Provision for grants payable	8	(18,613)	(15,974)
Creditors	9	(929)	(665)
		(19,542)	(16,639)
NET CURRENT LIABILITIES		(12,160)	(9,065)
LIABILITIES FALLING DUE AFTER ONE YEAR			
Provision for grants payable	8	(8,381)	(13,495)
NET ASSETS		307,511	290,491
FUNDS			
Unrestricted funds		-	
Designated fund	11	-	(4,870)
General fund	11	2,493	4,170
		2,493	(700)
Restricted funds	11	1,030	107
Endowed funds	11	303,988	291,084
TOTAL FUNDS		307,511	290,491

Notes 1-12 form part of these Financial Statements

These financial statements were approved and authorised for issue by the Trustees on 13 May 2016 and were signed on their behalf by:

David Rhind

Professor David Rhind
Chairman

Statement of cash flows

	Note	2015 £000s	2014 £000s
NET CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash used in operating activities		(4,119)	(1,306)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets	5	(29)	(52)
Disinvestment from portfolio	6	4,848	751
NET CASH PROVIDED BY INVESTING ACTIVITIES		4,819	699
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		700	(607)
Cash and cash equivalents at 1 January		461	1,068
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		1,161	461
RECONCILIATION OF NET INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		17,020	28,314
ADJUSTMENTS FOR:			
Depreciation	5	123	50
Gains on investments		(19,943)	(32,840)
(Increase)/decrease in grant commitments		(2,475)	634
Decrease in creditors		264	67
Decrease in debtors		892	2,469
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(4,119)	(1,306)

Notes to the financial statements

1. Principal accounting policies

a. Basis of accounting

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Nuffield Foundation is a Public Benefit Entity.

b. Income

Investment income represents dividends and interest on fixed investments and deposits, with any associated tax credits or recoverable taxation, which are included on an accruals basis. Investment income and other gains (or losses) are allocated to the individual funds in proportion to their holding in the Common Investment Fund at the beginning of the year.

Grants and donations are accounted for when the charity has entitlement to the funds, probable receipt and the amount is measurable. Where

income is received in advance it is deferred until the charity is entitled to that income.

c. Expenditure

Costs of generating funds represent amounts paid to the Foundation's external investment advisors.

Charitable expenditure comprises grants and other payments made by the trustees in accordance with criteria set out in the trust deed.

Grants are charged to the Statement of Financial Activities when allocations are approved by the trustees and promised to the recipient, less any awards cancelled or refunded. Grants which are awarded subject to conditions are included as expenditure at the point at which the trustees agree that they no longer have control over the fulfilment of the condition. Grants which are no longer required are cancelled and credited to the expenditure heading to which the cost was originally charged.

'Other direct costs' includes staffing, hosting seminars and conferences, commissioned research or evaluations together with any direct costs immediately attributable to a specific activity. 'Support and Governance costs' reflects the apportionment of costs (including governance) shared by all activities. The basis of this apportionment is headcount.

Investment management costs and charity administration costs are allocated to the funds in proportion to their holding in the endowment at the beginning of the year.

d. Investments

Quoted investments are included in the accounts at their bid price as at the balance sheet date.

Unquoted (e.g. private equity) investments which have no readily identifiable market price are included at the most recent valuations from their respective managers.

e. Taxation

The Foundation is a charity within the meaning of Paragraph 1 Schedule 6 Finance Act 2010. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

No tax charge arose in the period.

f. Exchange gains and losses

All realised and unrealised exchange gains and losses on investments are accounted for in the Statement of Financial Activities.

g. Fixed assets

The leasehold property at 28 Bedford Square, together with subsequent additions and furnishings, is stated at market value as determined by trustees and is depreciated over the remainder of the life of the lease (which expires on 24 December 2084. Art and Antiques are based on a frozen valuation (conducted by Phillips in March 1999). Other fixed assets are stated at cost less depreciation. Assets over a value of £5,000 are capitalised. Depreciation has been calculated at the following annual rates, in order to write off each asset over its estimated useful life.

Other Assets (Equipment, fixtures and fittings) – 5 to 20 years.

Computer software – 3 years.

h. Total Return Accounting

The Charity Commission permitted the Foundation to adopt the use of total return in relation to its permanent endowments on 7 February 2006. The power permits the Trustees to invest permanent endowments to maximise total return and to make available an appropriate portion of the total return for expenditure each year. Until this power is exercised the total return shall be an 'unapplied total return' and remain as part of the permanent endowment. The Trustees have decided that it is in the interests of the Foundation to present its expendable endowment in the same manner in Note 10, although there is no legal restriction

on the power to distribute the expendable endowment.

The Trustees have used the values of the permanent endowments at 31 December 2003 to represent the 'Preserved Value' of the original gift.

i. Fund accounting

Unrestricted funds are donations or other income received or generated for the objects of the charity without further specified purpose and is available as general funds.

Restricted funds have arisen from restrictions applied by donors. Expenditure that meets these criteria is identified to the fund, together with a fair allocation of support and charity administration costs.

The endowed funds of the Foundation are capital funds where normally only the income arising may be applied, in some cases on restricted purposes. These funds are either permanent or expendable, depending on whether the trustees have power to spend the capital.

j. Pension costs

The Foundation offers a Defined Contribution Pension scheme to its employees. Costs are charged as expenditure as they are incurred on an accrued basis.

k. Adoption of SORP (FRS102)

No material changes were necessary to the opening Balance Sheet of the Foundation at 1 January 2014 following the adoption of the new SORP.

2. Income from:

	2015	2015	2015	2014	2014	2014
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£000s	£000s	£000s	£000s	£000s	£000s
DONATIONS AND LEGACIES						
Grants received in support of						
Nuffield Council on Bioethics	—	594	594	—	506	507
Children and Families	—	60	60	—	—	—
Q-Step Programme	—	11	11	—	—	—
Nuffield Research Placements	—	165	165	—	124	124
General donation	1	—	1	41	—	41
	1	830	831	41	630	671
CHARITABLE ACTIVITIES						
Sales, royalties and fee income	32	—	32	39	—	39
Unrestricted activities						
OTHER INCOME	18	—	18	5	—	5
TOTAL INCOME	51	830	881	85	630	715

3. Charitable expenditure

	Direct costs		Support and governance costs	Total 2015	Total 2014
	Grants	Other			
	£000s	£000s	£000s	£000s	£000s
SOCIAL POLICY					
Early Years Education and Childcare	443	10	13	466	–
Children and Families	407	134	80	621	1,440
Law in Society	1,059	89	53	1,201	900
Finances of Ageing	–	1	23	24	568
Economic Advantage and Disadvantage	375	1	23	399	182
Open door	223	30	37	290	302
	2,507	265	229	3,001	3,392
EDUCATION					
Education grants	1,364	233	166	1,763	2,293
	1,364	233	167	1,763	2,293
CAPACITY BUILDING					
Africa programme	(166)	13	7	(146)	25
Q-Step	22	144	130	296	242
Rheumatism	–	44	67	111	114
Nuffield Research Placements	678	220	217	1,115	1,051
Closed programmes	–	–	–	–	(11)
	534	421	421	1,376	1,421
OTHER ACTIVITIES					
Nuffield Council on Bioethics	–	892	746	1,638	1,344
Pensions Trust exit	–	–	–	–	856
TOTAL CHARITABLE EXPENDITURE	4,405	1,811	1,562	7,778	9,306

The remuneration of the Auditors for the year was £25,620 (2014 £24,230)

4. Personnel costs

	2015	2014
	£000s	£000s
Wages and salaries	1,809	1,570
Social security costs	193	169
Other pension contributions	235	180
	2,237	1,919

AVERAGE FULL TIME EQUIVALENT NUMBER OF STAFF EMPLOYED IN YEAR:

Grant-making	11	11
Nuffield Council on Bioethics	11	11
Support services	10	9
	32	31

REMUNERATION OF HIGHER PAID STAFF

Between £60,000 and £69,999	–	–
Between £70,000 and £79,999	–	4
Between £80,000 and £89,999	4	–
Between £90,000 and £99,999	1	1
Between £100,000 and £109,999	–	1

Employer's pension contributions for higher paid staff were in total £53,463.

The Nuffield Foundation paid contributions during the accounting period at a rate of £2.20 for every £1 of member contributions up to a maximum of five times the member contribution, together with an additional flat rate sum regardless of contribution, of £1,128 per employee (pro rata to their hours).

The key management personnel of the charity are its Senior Management Team (comprising the Acting Director; the Finance Director; the Director of Social Research and Policy; and the Head of Human Resources and Office Services); their combined remuneration during the year was £440k. They received no benefits in addition to those received by other staff.

5. Tangible fixed assets

	Leasehold property	Other assets	Computer software	Total
	£000s	£000s	£000s	£000s
Cost or valuation				
At 1 January	5,400	242	45	5,687
Additions	—	29	—	29
Disposals	—	(40)	—	(40)
At 31 December	5,400	231	45	5,676
Depreciation				
At 1 January	—	167	15	182
Charge for year	77	31	15	123
Disposals	—	(40)	—	(40)
At 31 December	77	158	30	265
Net book value				
At 31 December	5,323	73	15	5,411
At 1 January	5,400	75	30	5,505

All tangible fixed assets are held for continuing use in the Foundation's activities. The depreciated historic cost of the leasehold property is £1,171k. The lease

expires on 24 December 2084 and was revalued on 10 December 2014 by Farebrother, Chartered Surveyors.

6. Investments

a) Investments at market value

	2015	2014
	£000s	£000s
Market value at 1 January	307,446	275,357
Net disinvestment from portfolio	(4,848)	(751)
Realised and unrealised gains	19,943	32,840
Market value at 31 December	322,541	307,446
Historic cost of listed investments at 31 December	262,535	238,280

b) Disposition of investments

	2015	2014
	£000s	£000s
Listed equities	171,688	191,286
Fixed income	55,296	36,639
Private equity	77,512	75,470
Hedge Funds	7,811	–
Currency hedging	(1,191)	(1,700)
Cash	11,425	5,751
TOTAL	322,541	307,446
Total UK investments	81,647	141,735
Total overseas investments	240,894	165,711
TOTAL	322,541	307,446
ASSETS HELD IN POOLED FUNDS	42,809	59,946

c) Income from investments

	2015	2014
	£000s	£000s
Global equities	2,651	3,615
UK government bonds	1,723	990
Private equity	1,382	1,115
Cash	–	1
	5,756	5,721

d) Illiquid assets and investment commitments

At the year end the Foundation had undrawn commitments to private equity funds of £14,617,319 which are expected to be called at various dates between 2016 and 2025. Over a similar period the current investments in private equity funds are expected to be realised by a return of capital. The carrying value of the private equity investments of £77,511,865 reported above represents the latest valuations of the funds at or prior to 31 December 2015 as provided by the relevant fund managers. However, it is not possible for the Trustees to liquidate these investments prior to the future return of capital.

e) Currency hedging

At 31 December 2015 the charity had open forward exchange contracts to sell US dollars, Yen and Euros with a total sterling value of £14,449,466. The settlement date for all of these contracts was 16 March 2016. These contracts were entered into to reduce the

charity's currency risk arising from global diversification in its investment holdings. The forward exchange contracts have all been revalued at the applicable year end exchange rates and the resulting unrealised translation losses are included within the overall value of the equity investments above.

f) Investments over 5% of the portfolio

	2015	2014
	£000s	£000s
Veritas Global Equity Fund	42,809	45,701
Hosking Global Sub Fund	13,793	–

g) Programme-related investments

The Foundation holds 100,000 £1 Ordinary Shares in Charity Bank Ltd, a company with a mission to tackle marginalisation, social injustice and exclusion and facilitate social change through investment.

7. Debtors and prepayments

	2015	2014
	£000s	£000s
Accrued income	712	538
Other debtors	5,509	6,575
	6,221	7,113
Due within one year	3,621	2,479
Due after one year	2,600	4,634
	6,221	7,113

8. Grants payable

a) Grants payable

	2015	2014
	£000s	£000s
Grants awarded but not paid at 1 January	29,469	28,835
Grants awarded in the year	6,042	6,475
Grants cancelled in the year	(1,637)	(917)
Grants paid in the year	(6,880)	(4,924)
Grants awarded but not paid at 31 December	26,994	29,469
Payable within one year	18,613	15,974
Payable after one year	8,381	13,495
	26,994	29,469

b) Analysis of grants awarded

	2015	2014
	£000s	£000s
Awarded to individuals	—	—
Awarded to institutions	6,042	6,475
	6,042	6,475

Five largest contributions	2015	2015
	£000s	No grants
University College London	1,579	6
University of Exeter	634	2
Brunel University	460	2
London School of Economics	410	5
Institute for Fiscal Studies	338	2

9. Creditors: amounts falling due within one year

	2015	2014
	£000s	£000s
Income Tax and National Insurance	53	52
Accruals	433	339
Other creditors	196	116
Deferred income	247	158
	929	665

10. Statement of total return

	Permanent endowments	Expendable endowments	Total
	£000s	£000s	£000s
Investment return			
Unrestricted investment income	–	5,524	5,524
Restricted investment income	232	–	232
Unrealised gains	803	19,140	19,943
Investment management costs	(71)	(1,711)	(1,782)
TOTAL RETURN FOR YEAR	964	22,953	23,917
Less application of return			
Transfer to expenditure reserve	(443)	(10,570)	(11,013)
NET TOTAL RETURN FOR THE YEAR	521	12,383	12,904

11. Funds

a) Fund movements

	Balance at 1 January 2015	Movement in resources				Balance at 31 December 2015
	£000s	Incoming resources	Outgoing resources	Unrealised gain	Transfers	£000s
Capital funds						
Endowments						
Permanent endowments						
Elizabeth Nuffield Fund	2,497	50	(15)	172	(95)	2,609
Commonwealth Relations Trust	9,131	182	(56)	631	(348)	9,540
	11,628	232	(71)	803	(443)	12,149

**Expendable
endowments**

Oliver Bird Fund	18,513	–	(114)	1,279	(337)	19,241
Main Fund	260,943	–	(1,597)	17,861	(4,709)	272,598
	279,456	–	(1,711)	19,140	(5,046)	291,839

TOTAL ENDOWMENT FUNDS	291,084	232	(1,782)	19,943	(5,489)	303,998
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Expenditure reserve

Restricted funds

Elizabeth Nuffield Fund	–	–	(95)	–	95	–
Commonwealth Relations Trust	(311)	–	(20)	–	348	17
Oliver Bird Fund	418	369	(111)	–	337	1,013
Other Funds	–	830	(830)	–	–	–
	107	1,199	(1,056)	–	780	1,030

Unrestricted funds

Q-Step (Designated Fund)	(4,870)	–	–	–	4,870	–
Nuffield Council on Bioethics	–	1	–	–	(1)	–
General Fund	4,170	5,205	(6,722)	–	(160)	2,493
	(700)	5,206	(6,722)	–	4,709	2,493
Total Expenditure Reserve	(593)	6,405	(7,778)	–	5,489	3,523

TOTAL FUNDS	290,491	6,637	(9,560)	19,943	–	307,511
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The total return distribution for 2015 of £11,013k (see note 10) is made up of £5,524k of investment income from expendable endowments, £232k of investment income from permanent endowments and £5,257k of capital transferred to income

b) Description of funds

- The Elizabeth Nuffield Educational Fund was a gift from the wife of Lord Nuffield for the advancement of education and in particular the award of scholarships, grants or loans to women and girls who require financial assistance. It is used to fund the Education grant programme. Unspent income is restricted to this purpose.
- The Commonwealth Relations Trust was created for the purposes of promoting a common understanding between the unity of ideals in the United Kingdom and the other members of the British Commonwealth of Nations. It is used to fund the Africa programme. Unspent income is restricted to this purpose.
- The Oliver Bird Fund was given by Captain Bird for research into the prevention and cure of rheumatism. It is used to fund the Rheumatism grant programme. Unspent income is restricted to this purpose.
- The Main Fund includes Lord Nuffield's original endowment and the Auxiliary Fund, together with a number of subsequent gifts including the Ada Newitt bequest and the Albert Leslie Stewart Bequest (both subsumed into this fund in 2003). This fund was known as the 'Auxiliary Fund' prior to 2004; the change was made following the modification of the Trust Deed in 2003.

- The 'Expenditure Reserve' is referred to in the Total Return Order made by the Charity Commission as the 'Trust for Application (income)'. It is that part of the Foundation's net assets that the trustees have determined is available for future expenditure.

c) Analysis of funds – 2015

	Unrestricted funds	Restricted funds	Expendable endowment	Permanent endowment	Total
	£000s	£000s	£000s	£000s	£000s
Investments	–	–	310,392	12,149	322,541
Other fixed assets	–	–	5,511	–	5,511
Net current assets (liabilities)	2,493	1,030	(15,683)	–	(12,160)
Liabilities due in more than one year	–	–	(8,381)	–	(8,381)
TOTAL FUNDS	2,493	1,030	291,839	12,149	307,511

Analysis of funds - 2014

	Unrestricted funds	Restricted funds	Expendable endowment	Permanent endowment	Total
	£000s	£000s	£000s	£000s	£000s
Investments	–	–	295,818	11,628	307,446
Other fixed assets	–	–	5,605	–	5,605
Net current assets (liabilities)	(700)	107	(8,472)	–	(9,065)
Liabilities due in more than one year	–	–	(13,495)	–	(13,495)
TOTAL FUNDS	(700)	107	279,456	11,628	290,491

12. Related party transactions

During the year grants worth in total £338k were made to the Institute of Fiscal Studies. Professor James Banks, a Trustee, is the Deputy Research Director at the Institute of Fiscal Studies so is a related party to these transactions. Professor Banks took no part in the Foundation's decision-making, nor was he involved in any way in the handling of the relevant applications. Trustees as a body recognise the importance of wide and open disclosure of conflicts of interest, which they interpret more broadly than definitions of related party transactions.

Each Trustee is entitled to an annual allowance by virtue of the provisions of the Trust Deed. During the year this was £9,816 per annum.

	2015	2014
	£000s	£000s
TRUSTEE REMUNERATION	62,707	69,752
Expenses paid to the Trustees		
Travel expenses and accommodation	12,779	8,800
Number of Trustees reimbursed	3	6

Summary of financial objectives and investment strategy

Objectives

1. Financial objective

- 1.1 To maintain (at least) the Foundation's endowment in real terms.
- 1.2 To produce a consistent and sustainable amount for expenditure.
- 1.3 To deliver 1.1 and 1.2 within acceptable levels of risk.

2. Capital maintenance

- 2.1 The Foundation seeks to protect its endowment from its current experience of inflation (based on 2/3 Average Earnings Index and 1/3 Retail Price Index).
- 2.2 The Foundation's composite inflation index is applied to the endowment value of £188,310k (the value on 31 December 2003).

3. Distribution rate

- 3.1 In 2014 the Foundation distributed 4.5% of the average of the previous twelve quarter market values (at 30 June 2013). Since then it now increases this sum by its experience of inflation (see 2.1).
- 3.2 Where market values lie outside the indexed base value with an allowance for volatility (+/- 16%) a review of distribution rates will be triggered.

Investment Principles

4. Decision-making and governance

- 4.1 The Investment Committee is responsible to the Trustees for investment decisions. It includes three Trustee members and two independent investment professionals as advisors (who serve for three year terms). The committee is supported by staff of the Foundation. It is advised by investment consultants (appointed by Trustees).

- 4.2 The committee appoints investment managers (and terminates their appointments), recommends to Trustees strategic asset allocations and reviews investment performance.
- 4.3 Investment management is delegated to authorised commercial discretionary managers, properly licensed by the FCA, whose mandates are reviewed regularly.

5. Investment objective

- 5.1 The Foundation requires a diversified portfolio which will provide the best return for an agreed measure of risk and liquidity.

6. Ethical and other restrictions

- 6.1 Prohibitions on segregated investment in tobacco companies (equity or bonds).
- 6.2 No stock lending.

7. Asset allocation and ranges

Asset class	Target	Range
<i>Real assets</i>		
Global equities	70%	
Private assets	20%	
Total Real assets	90%	
Nominal assets	10%	8%–12%
TOTAL ASSETS	100%	

8. Principal benchmarks

- 8.1 Principal measurement is against the Index of Capital Maintenance (see objective 2).
- 8.2 Investment performance will be assessed against total returns relative to a composite benchmark based on asset allocation at the beginning of each period.

8.3 Performance is also compared to the WM Charities Unconstrained Index.

8.4 Individual manager benchmarks are set out below.

9. Manager structure and benchmarks

Asset class	Manager
<i>Real assets</i>	
Global equities	Acadian, Harding Loevner, Hosking, Longview, Ventas
Private assets	Various illiquid funds
<i>Nominal assets</i>	
Fixed interest	Objective Completion
Custodian	Northern Trust

Asset class	Benchmark	Target
Total equities	MSCI ACWI	+ 2%
Private assets	MSCI ACWI	+ 3%
Fixed interest	0 – 5yr ML Gilt index	–
Hedge funds	0 – 5yr ML Gilt index	+ 3%

10. Performance assessment

10.1 Performance is assessed in £GBP on rolling twelve quarter periods.

10.2 Performance targets are net of fees.

Effective from 1 April 2003

Last revision: 2015.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
STATEMENT OF FINANCIAL ACTIVITIES										
Incoming Resources										
Investment income (gross of charges)	62	60	70	42	39	45	40	45	57	58
Capital transferred to income	14	25	24	70	67	55	58	60	64	66
Total Return Distribution	76	85	94	112	106	100	98	105	121	124
Other income	11	10	13	09	08	07	09	128	07	09
TOTAL RESOURCES AVAILABLE	86	95	106	121	114	106	107	233	128	132
Expenditure										
Grants made	64	77	70	61	57	68	50	237	56	53
Projects managed internally										
Curriculum Programme	10	10	13	09	13	09	-	-	-	-
Council on Bioethics	09	09	09	11	12	12	13	13	13	16
Support costs	13	14	14	14	14	15	21	19	15	08
TOTAL CHARITABLE ACTIVITIES	96	110	106	94	96	104	84	270	83	78
Charity administration	01	01	01	01	01	01	01	24	10	-
Investment management fees	12	14	12	13	24	16	16	15	17	18
TOTAL EXPENDITURE	109	125	119	108	120	120	101	309	110	96
Net Movement on Funds										
	(23)	(30)	(13)	12	(07)	(14)	07	(76)	18	37
Other Gains and losses	234	102	(592)	199	339	(59)	233	368	340	200
Capital transferred to income	(14)	(25)	(24)	(70)	(67)	(55)	(58)	(60)	(64)	(66)
Funds at beginning of year	230.3	250.0	254.7	191.8	205.9	232.4	219.7	237.8	261.0	290.5
TOTAL RESOURCES AVAILABLE	250.0	254.7	191.8	205.9	232.4	219.7	237.8	261.0	290.5	307.5
BALANCE SHEETS										
Fixed Assets										
Investments	256.2	261.7	200.6	213.2	240.2	227.6	224.8	275.4	307.5	322.5
Tangible Fixed Assets	33	33	32	32	31	31	44	43	55	54
Programme Related Investment	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
	259.6	265.1	203.9	216.5	243.4	230.8	249.3	279.8	313.1	328.1
Current Assets										
Cash and short term deposits	0.6	0.4	0.2	0.9	0.8	0.1	0.7	1.1	0.5	1.2
Other current asset	0.5	1.0	0.5	0.9	0.6	0.6	0.8	9.6	7.1	6.2
	1.2	1.4	0.6	1.8	1.4	0.7	1.5	10.7	7.6	7.4
Liabilities										
	(108)	(118)	(127)	(124)	(124)	(118)	(129)	(294)	(301)	(279)
Net Current Assets										
	(96)	(104)	(121)	(106)	(110)	(111)	(114)	(188)	(226)	(205)
TOTAL NET ASSETS	250.0	254.7	191.8	205.9	232.4	219.7	237.8	261.0	290.5	307.5
Reserves										
Income/Expenditure reserves	(17)	(32)	(33)	(08)	09	11	34	(29)	(06)	35
Unrestricted	(08)	(03)	(00)	11	23	21	41	(21)	(07)	25
Restricted	(09)	(29)	(33)	(19)	(14)	(10)	(07)	(08)	0.1	1.0
Endowments	251.7	258.0	195.1	206.7	231.5	218.5	234.5	263.9	291.1	304.0
	250.0	254.7	191.8	205.9	232.4	219.7	237.8	261.0	290.5	307.5
PERFORMANCE										
Total returns (12 months to 31 Dec)										
Investments (net of fees)	12.5%	5.9%	-20.7%	13.0%	17.2%	-1.3%	10.9%	16.4%	13.6%	7.9%
Benchmark (Bespoke)	12.2%	6.3%	-18.0%	17.0%	15.1%	-3.8%	12.4%	24.4%	10.4%	3.6%
Changes in Indices (12 months to 31 Dec)										
Expenditures / Investments	4.3%	4.8%	6.0%	5.1%	5.0%	5.3%	4.1%	11.2%	3.6%	3.0%
Increase in RPI	4.4%	4.0%	0.9%	2.4%	4.8%	4.8%	3.1%	2.7%	1.7%	1.2%
Increase in Average Earnings	3.8%	3.6%	3.2%	1.2%	2.3%	2.0%	1.3%	1.1%	1.6%	2.0%
Nuffield Inflation Index	4.0%	3.8%	2.3%	1.7%	3.3%	3.1%	2.0%	1.7%	1.6%	1.7%

Notes

1. These statements have been extracted from previously audited Financial Statements

2. These statements do not form part of the Trustees' Report and Financial Statements