

The members of the Council of Management, who are also directors of the charity for the purposes of the Companies Act 2006, are pleased to submit their thirty-fifth annual report, together with the audited financial statements for the year ended 31 December 2014.

REFERENCE AND ADMINISTRATIVE DETAILS

Charity number 270987

Company number 1247918

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77-79 Market Place, Leicester, LE1 5EN

Solicitors Freeths

One Colton Square, Leicester, LE1 1QH

DIRECTORS AND TRUSTEES

The directors of the charitable company (BSHF) are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

The trustees serving during the year and since the year-end were as follows:

Elected trustees

S Bamford

Dr C Dair (reappointed on 4 June 2014 to serve a further three year term)

P Elderfield

J Gibbs

B Opacic

G Payne (reappointed on 4 June 2014 to serve a further three year term)

A Pearson

J Strange (reappointed on 4 June 2014 to serve a further three year term)

Director

D Ireland

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Building and Social Housing Foundation is a charitable company limited by guarantee incorporated on 9 March 1976. It is governed by a Memorandum and Articles of Association which were amended on 5 September 2001 to include the power to purchase trustee indemnity insurance, on 5 March 2003 to increase the number of trustees from six to eight and on 6 June 2007 to formalise the process by which the Chairman was elected. In the event of it being wound up, members are required to contribute an amount not exceeding £10.00.

Recruitment, appointment and training of trustees

As set out in the Articles of Association one third of all trustees are required to retire each year but are eligible for re-election at the Annual General Meeting held in June. There is no restriction on the number of terms that can be served. The Articles state that the number of trustees should not exceed eight. The members of the organisation are co-terminus with the trustees. All members of the organisation are circulated with invitations to nominate trustees prior to the AGM, advising them of the retiring trustees and requesting nominations for the AGM.

All members of the board of trustees, known as the Council of Management, give their time voluntarily and received no benefits from the charity. Any expenses reclaimed from the charity are set out in note 6 in the accounts.

Pat Elderfield & Jill Gibbs retire by rotation and, being willing and eligible, offer themselves for re-election.

New trustees are provided with full information to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. Opportunities are provided for new trustees to meet all employees and other trustees. Trustees are encouraged to attend appropriate external training events to facilitate the undertaking of their role and to meet regularly with the BSHF staff team.

Organisation

The board of trustees, which can have up to eight members, administers the charity. The board meets quarterly and there is one standing sub-committee covering investment and other financial matters. Working groups are established to address particular issues if needed. A Director is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Director has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and all activity relating to meeting the organisation's objectives. During the year, our Director was Mr David Ireland, who joined the organisation in June 2014.

Related parties

The charity has no closely related parties, although co-operates with a broad range of organisations both in the UK and internationally in its various housing research and knowledge transfer activities.

Risk management

The trustees have a risk management strategy, which comprises:

- An annual review of the risks the charity may face;
- The establishment of systems and procedures to mitigate those risks identified in the plan;
- The implementation of procedures designed to minimise any potential impact on the Charity should those risks materialise.

Health and safety advisers and professional investment managers have been appointed and a business continuity plan has been prepared to address the need to maintain a normal mode of operation in the event of an emergency. A key element in the management of financial risk is the setting of policies in respect of reserves and investments, which are regularly reviewed by trustees. During the year the decision was taken to spread risk by investing proceeds from the sale of land with Schroders. A major risk identified in previous risk mapping work is a major collapse of the financial markets and the impact that this would have on the income stream, which relies heavily on dividend income. Whilst the ongoing uncertainties in the global financial system continue to have an impact on our income, we are working closely with our investment advisers to keep the situation under review. The Finance and Investment Sub-Committee meets three times a year with our investment managers, in addition to each firm attending the full Council of Management meeting once a year. A full set of papers from the Finance and Investment Sub-Committee are provided to all Council of Management members, in order that there is a broad understanding of the financial position by all members.

ACTIVITIES AND IMPACT

Our aims and objectives

Our charity's purposes as set out in the objects contained in its Memorandum of Association are to:

- Carry out research into the science of the management, development and construction of residential housing.
- Publish the results of all research.

Our vision and mission

Our vision and mission statements were formalised in 2008 and we have continued to embed their use in the various activities carried out throughout the year. Any proposed activity is reviewed in the light of these statements in order to ensure that it is helping us deliver our objectives.

BSHF believes that everyone should have access to decent housing. The aim of our charity is that we should help to bring this about through our research and knowledge transfer work, which seeks to identify, share and promote innovative and sustainable housing policy and practice, both in the UK and internationally. By decent we mean that housing should:

- Provide safe and durable shelter from the elements
- Be sufficiently affordable that other basic needs can be met
- Provide security of tenure without fear of eviction
- Have access to clean water and sanitation
- Be large enough for the household
- Be energy efficient and environmentally responsible
- Offer access to livelihood opportunities and health and education provision
- Promote a sense of safety, well-being and belonging.

All our work is underpinned by our 'guiding principles'. These are outlined below, with related descriptors:

Agent for change

- Seeking to be a catalyst to bring about positive change
- Working to influence policy and practice to maximise social benefits
- Providing opportunities for creative thinking and action

Excellence

- Delivering in-depth knowledge and expertise
- Stressing intellectual rigour and continuous learning
- Acting with integrity and professionalism

Global perspective

- Building understanding of connections between people, their homes and the planet
- Promoting the adaptation and transfer of solutions across contexts and borders
- Connecting people and ideas to foster collaboration and the free sharing of knowledge

Independence

- Impartial and non-partisan in all areas of work
- Maintaining freedom to focus on issues that are relevant and important
- Nurturing community resilience and self-reliance

Innovation

- Encouraging fresh thinking on housing policy and practice
- Focussing on practical and scalable solutions
- Challenging current practices and ways of thinking

People-centred

- Committed to social justice and equality of opportunity
- Focussed on sustainable outcomes for people, both now and for future generations
- Valuing diversity and respecting all individuals

Ensuring our work delivers our aims

An annual action plan is developed each year identifying the activities planned to be carried out during the year, together with an indication of the expected outcomes of those activities. We review our aims, objectives and activities each year, using an evaluation of the annual action plan against agreed targets to help us in this process. The review looks at each area of research activity carried out to ensure that it is having the desired impact and to make a judgement as to whether this area of work should be continued. We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities.

The focus of our activities

Our main areas of work for the year continued to be identifying examples of innovative and sustainable housing practice and policy worldwide and encouraging their transfer through carrying out research, providing information, organising knowledge sharing events and promoting identified good practice into local and national housing policy and practice. Housing is a crucial element in people's lives, enabling them to improve their living conditions, play a greater role within their community and, with appropriate design or improvements, to reduce carbon emissions. Our work therefore addresses the charitable purposes of advancement of environmental protection and improvement, advancement of citizenship and community development and the prevention or relief of poverty. The strategies employed to achieve BSHF's objectives include:

- Carrying out research into innovative and sustainable housing practice, both in the UK and internationally.
- Sharing the information and knowledge about housing derived from our research and activities, including publishing the results of our research in paper and/or electronic formats, as well as organising meetings and other events where research findings can be shared.
- Working in partnership with a range of organisations to further promote the good practice and policy identified through our research.
- Acting locally as well as globally through the encouragement of good housing practice in the locality.

How our activities deliver public benefit

Our main activities and those who we try to help are described below. All our charitable activities focus on identifying and promoting innovative and sustainable housing policy and practice, both in the UK and internationally.

Who used and benefited from our activities?

Those benefiting from our activities are the public generally, with a focus on housing and urban development practitioners and policymakers and those who do not have access to decent housing. In particular, through the research that we carry out and publish we seek to assist those who do not have access to decent housing. The particular aims towards which our research is focussed are set out in the definition of what constitutes 'decent' housing above. Our work in promoting and encouraging the development of more environmentally responsible housing has a wider global impact through the reduction of carbon emissions, as well as bringing direct benefits to the residents.

The information we produce as a result of our research is made widely available in both electronic and printed formats. It is our policy to ensure the widest possible access to the publications we produce. We make as many publications as possible freely available to download from our website, as well as distributing a large number of hard copies without charge. BSHF does not impose any copyright restrictions on its publications and welcomes, indeed positively encourages, the widespread use of the information provided. There are currently 167 publications on the BSHF website.

The research and information we published in 2014 is set out below:

- Housing for Health project and study visit report
- Evaluation of the Empty Homes Community Grants Programme – Midlands
- How can new settlements be locally led?
- Community Guide - Masterplanning
- Financing opportunities for energy efficiency in housing
- South-South Cooperation: transfer of the FUCVAM model of mutual aid housing cooperatives
- Community-led housing: sources of information
- Community-led housing - Making it happen
- Scaling Up Community Housing Solutions
- Eco-city Augustenborg programme and study visit report
- Local Housing Movement Program and study visit report
- Report of the Second POWER HOUSE nZEC Symposium
- Report on nZEB workshop in Tallinn

Researching innovation in housing

Innovation in housing is identified through the international World Habitat Award competition, which BSHF organises with the collaboration and support of UN-HABITAT. Many excellent projects are

identified through these awards, in the global South as well as the North and a major focus of our activity is on ensuring that these innovative and successful approaches can be more widely shared.

Within the UK we have focussed on the topic of Community-Led Housing during 2014, in preparation for and following our consultation on this subject at St George's House, Windsor Castle. Our particular focus has been on the opportunities and potential for scaling up this type of housing within the UK and to this end our consultation involved discussions between a wide range of 'interested parties' and the inclusion of presentations and contributions from representatives of housing solutions from across the globe which had successfully scaled up and/or were community-led.

Our research into the long-term impact of post-disaster recovery and reconstruction on people's livelihoods and resilience in partnership with organisations from around the world, including a number of World Habitat Award winners and finalists was completed in 2014. The publication we produced following this research entitled '*Still Standing?*' was published by Practical Action Publishing and is available to purchase from their website.<http://developmentbookshop.com/still-standing>.

Sharing the results of our research

We continue to place increasing emphasis on ensuring that the results of all our activities and research are more broadly shared. We carry out this knowledge transfer through a variety of publication methods, including organising peer exchanges to World Habitat Award winning projects as well as other meetings, giving presentations at national and international meetings, producing written materials and videos and having a wide range of information available on the BSHF website. The number of research reports downloaded in 2014 was 43,967 compared to 33,451 in 2013, which is very positive.

During the year, we organised a peer exchange visit to the 100,000 Homes Campaign in Los Angeles, one of the winners of the World Habitat Award in 2013. Our planned peer exchange to the Hebron Old City Rehabilitation Programme – the other 2013 Award winning project – was postponed in 2014 due to the uncertain security situation in Palestine and Israel in late 2014. We are planning to undertake this visit in May 2015. BSHF meets travel, accommodation and conference costs for the participants to attend the peer exchanges, thus enabling people who could not otherwise afford to attend to learn at first hand from the good practice identified through our research work. On-going monitoring shows that the benefits of the experience are spread widely amongst colleagues, students and partner organisations when participants return to their own countries, resulting in direct improvements to housing provision as well as contributions to policy making and academic teaching.

In addition to publishing our research in both paper and/or electronic formats, we have given presentations on innovative and sustainable housing approaches at a variety of events, both internationally and in the UK, including presentations at the UK Shelter Forum on two separate occasions. We also organised an international conference regarding our post-disaster reconstruction research, in partnership with Coventry University. In addition, Dr El Parker from Coventry University presented this research and represented BSHF at a UN-Habitat conference in Sri Lanka.

As well as thinking and working globally, BSHF seeks to have an impact locally. We funded a research programme undertaken by the University of Birmingham to assess the impact of the Empty Homes Community Grants Programme in the East Midlands, looking at how successful this had been in delivering additional homes in the region. The findings of this research were outlined in a report entitled 'Evaluation of the Empty Homes Community Grants Programme – Midlands', which was published in 2014.

During the year, BSHF has continued to expand its work in the area of encouraging the sharing of good practice within Europe. We continue to support the work of Housing Europe and have continued to work with other partners in delivering the nearly Zero Energy Challenge, which seeks to guide policy and practice in terms of delivering the recast Energy Performance in Public Buildings Directive for social housing providers throughout Europe. There is a clear interest in this area of work, with 315 downloads of related publications from the BSHF website during the year.

BSHF continues to ensure that we meet our obligations arising from our consultative status with the UN Economic and Social Council, acting as a partner to UN-Habitat in the presentation of the World Habitat Awards at the World Urban Forum 7 celebrations in Medellin, Colombia in April during which Dr. Joan Clos, the Director of UN Habitat, presented the UN Scroll of Honour to Mrs Diane Diacon, our former Director, for her outstanding effort and commitment to promoting housing policy and practice. We also ensure that our information is provided to all United Nations Information Centres around the world. We have established a 'Friends of BSHF' network to provide further support for our activities and membership of this group has expanded during this year.

FINANCIAL REVIEW

Overview of the year

In 2010, the trustees carried out a detailed review of the charity's activities and produced a strategic plan for the direction and activity of the charity for the following four years (until December 2014) and the entire plan has now been implemented. A new strategic plan for 2015 and beyond is currently being finalised with David Ireland (Director BSHF).

The total income for the year was £816,004. This represents a 10.1 per cent increase on the income in 2013 of £740,931. The increase is primary due to additional Investment income generated through having a larger investment portfolio, which was achieved by investing the proceeds of land sold by the Foundation at East Leake. This generated a net figure of £5,400,000, which was invested with Schroder's. The principal funding source is income received from financial investments (£766,625 i.e. 93.9 per cent), with the remaining 6.1 per cent coming from grants, Cecodhas income, rental income, option fee and sales. Expenditure in the year was £862,186. This was more than income by £46,182. This was a planned deficit in accordance with the strategy to increase the activities of the charity.

In the past BSHF has not sought external funding, although during 2014 has received research funding from the European Union in respect of the Power House Europe Nearly Zero Energy Challenge project. It will continue to seek external funding in the future, when such opportunities coincide with our anticipated future work plan. Funds have been applied in respect of research costs and in the governance and administration of the organisation, with 92 per cent of funds expended relating to research and 8 per cent to governance and administration.

Investment powers, policy and performance

Under the Memorandum and Articles of Association, the charity has the power to make any investment that the Members of the Council of Management see fit. Investments are held to provide an income to further the objectives of the Foundation, both now and in the future and the investment policy has been amended to reflect the slight shift in emphasis towards income rather than capital growth.

Capital appreciation of the investments continues to ensure that the value of the original gift is maintained in real terms in the longer term, recognising that there will be short-term fluctuations due to changes in the stock market values. BSHF seeks to ensure that a sufficient income stream is generated to cover its current activities without incurring undue financial risk for the charity. The income from the charity's investments' increased by 8.5 per cent from £662,723 in 2013 to £723,721 in 2014. There was an increase of £463,134 in the valuation of the BSHF total investment portfolio at the year end from £23,568,937 in 2013 to £24,032,071 in 2014. This increase was mainly due to the revaluation of the land at Agar nook, following the successful application of planning permission, which has been offset by a deferred payment for land sold at East Leake. The payment for £2,448,000 is due to be received in March 2015 and is listed under Current Assets as a debtor.

Reserves policy

BSHF operates within a comparatively low-risk funding environment, as it does not rely on any external financial support in delivering its charitable objectives and funds virtually all of its activities from the revenue generated from the financial investments, land and property that it received as a gift in 1976. BSHF is committed to maintaining the value of the original gift in real terms.

This reserves policy has been developed as part of an ongoing integrated financial governance process which includes development of a strategic plan, a risk management policy and an investment policy.

An expansion in the level of the organisation's activity over a ten year period was identified as part of the strategic review carried out by the trustees in 2006. As a result of this review, business plans are developed which identify specific levels of anticipated income and expenditure in each year, together with details of the expected outputs and outcomes of the activities. In view of this conscious decision to increase activity, a review of the organisation's investment policy and practice was undertaken to ensure that the funds necessary to deliver these planned activities were available. The BSHF investment portfolio is managed by three investment managers, M & G (42.1%), Newton Investment Management (NIM) (31.8%) and Schroder's (26.1%) the latter managing income from land disposals during 2014.

In the event of a collapse of the international financial markets, the organisation retains sufficient resources in readily accessible funds to meet its current operating obligations.

A designated reserve of £744,000 established in the past in respect of the future development of the old buildings owned by BSHF at Sandhills Lodge Farm, is no longer required following disposal of the land.

A revaluation reserve is also maintained in respect of those amounts by which investments and other assets exceed their historical cost. An income maintenance fund has been created to provide the charity with a portfolio of investment assets that will be managed to provide a sufficient level of income to finance the expenditure of the organisation in carrying out its objectives. Transfers are made to this reserve of surpluses generated from activities after providing for a level of unrestricted reserves reflecting six months planned activity. The gift maintenance fund has been created to maintain the original gift from East Midlands Housing Association in real terms value. In addition, restricted reserves are established from time to time where funds are provided by an external body to meet specific expenditure.

The Business Plan is reviewed on an annual basis, with both income and expenditure projected forward on an on-going basis. This reserves policy is also subject to review on an annual basis and the BSHF trustees will carry out this review after giving due consideration to its planned programme of activity and the advice of its financial advisers as to likely income levels, any associated risks and the broader investment climate.

Plans for future periods

We welcome David Ireland OBE as our new Director, David joins us after 7 years as the Chief Executive of the Empty Homes Agency. We look forward to working with David who will bring a new perspective and opportunities for the organisation.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company 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 company 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 then 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 Companies Act 2006. 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.

Auditors

Under the provisions of the Companies Act 2006, a resolution is no longer required at the Annual General Meeting to nominate the auditors for the coming year. A further review of audit services is planned to take place during 2015.

EMPLOYEE INVOLVEMENT AND APPRECIATION

All members of staff have been regularly consulted on issues of concern with regular staff meetings being held and have been kept informed on specific matters where necessary by the Director. The trustees meet with all members of staff at the quarterly board meetings and staff members present their work to trustees at the meetings. Sincere thanks are expressed to all members of our staff for their dedicated service to the organisation during the year and to the excellent results that are being achieved as a result of their work.

By order of the trustees

Mr J Strange (Chair)

3 June 2015