

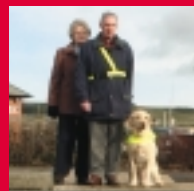
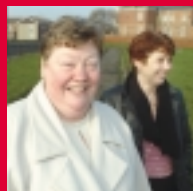
1998

2002



northern rock
foundation

FIVE YEAR REVIEW





Retired and Senior Volunteer Programme (RSVP)

Chairman's statement

This year, instead of offering you an Annual Report for 2002 alone, we have decided to illustrate our first five years of activity. There are several reasons for so doing. First, a fifth birthday provides a suitable basis from which to evaluate our development from nothing. Second, we have used this year to reflect, to absorb the lessons of our early work and to distil what we have learned from our experiences. Third, we have decided upon some big changes for 2003 onwards so we want to mark properly what has gone before.

I had the good fortune to be one of the Foundation's first Trustees and thus to be part of the planning and development of the organisation. From the first we were determined to make a real impact on the North East. The tables and graphs on page 22 show part of our achievement but the dispensing of money alone would be little to be proud of. My fellow Trustees and I take great pleasure that so many of our grants demonstrably contribute to our aim of making the North East a better place in which to live. Some of our grants have been designed to benefit the whole population - our support for arts and cultural organisations has helped raise the profile of the North and counteract some of the metropolitan myths about our region.

Other grants have been very specific to disadvantaged groups or places. We have been extremely impressed by the community spirit and philanthropic acts of so many among our applicants who, often despite their own circumstances, are determined to make their contribution to their area and to their community. While we have been delighted to receive recognition for our work as a grant maker in various public circles, our real joy comes from letters from our grant recipients who tell us that we have made a difference to their lives.

Yet further grants are intended to influence public policy beyond the region; our support for the restorative justice programme and the research we have commissioned into domestic violence both illustrate this aspiration. They may take longer to bear fruit but are likely to have a more profound and longer lasting effect.

This review describes how we have spent our time and money. Although it shows what we have done it also illustrates the values we have espoused; these will not change although our programmes for 2003 have different titles and objectives. The careful reader will learn a great deal from reading about what we admire in projects and what ideas appeal to us. We want to tell people as much as possible about our work because we believe that well informed applicants are more likely to be able to work with us successfully. If

anyone reading this report wants to know more, we welcome enquiries and, of course, visitors to our website.

The success of the Foundation is, as ever, largely due to the professionalism and dedication of our Director and her colleagues. It remains a delight and an inspiration to be able to work with them.

I also take this opportunity to thank my fellow Trustees, past and present, for their loyalty, intelligence and hard work in establishing the Foundation. Especially, my thanks go to Peter Wainwright, who retired at the end of the year, for cheerfully travelling from Manchester to bring his special skills to

numerous committee meetings as well as making a major contribution to the deliberations of the Trustees as a whole.

None of our work would be possible without the continued support of our benefactor, Northern Rock plc. We were conceived by the company and are supported by its annual donation. We also receive much more in the way of help and support from its staff and its Board, all of whom take a kind interest in our affairs.

In the coming years we hope to sharpen our grant making even more towards addressing the causes of disadvantage and towards its prevention. We believe that we have now reached the end of the beginning and we look forward to a long and busy future.

Richard Harbottle



Director's statement

'Rich relations give crust of bread and such.

You can help yourself but don't take too much.

Momma may have. Papa may have.

But God bless the child that's got his own...'

Billie Holliday

January 1st 1998, the day I drove up from London to Newcastle to start my new job as Director of the Northern Rock Foundation, was marked by one of the most dangerous and spectacular storms in recent memory. Howling winds pursued me up the motorway. Around and behind me roads were closing, and the radio carried regular messages to the effect that no one should be travelling who did not absolutely have to. A superstitious person might have turned back and sent a note - sorry I changed my mind. What a mistake it would have been when such a great prospect lay before me and how much enjoyment, challenge and excitement I would have missed.

We have had five years of constant change - or development, as we prefer to think of it. As a team of Trustees and staff we have grown together and taught each other a great deal. We have celebrated our successes and tried very hard to learn from our failures. The Foundation now goes forward into a new stage. In 2002, Trustees and staff thought through everything we had done and looked at our territory afresh. We know more about it now than when we started. Of course the context has changed too. Government social policies of 1998, for example, seem very distant now that 2003 is here. Our own grant expenditure has increased by more than 100% since the beginning. Potentially more profoundly than either of these, there has been a serious review of charity law and the charitable framework in which we work - the first in several hundred years. These and other changes mean that we need to adjust in order to find a real and useful role for ourselves. Of course, it won't stop there - the territory shifts continuously. That is why our new guidelines for 2003 onwards build on what we have done and give us the flexibility and scope to ride the shifting landscape without having to rebuild our vehicle every year.

Some really important things about us have not changed and will not change because they are fundamental to what we believe about grant making. By now applicants know that we use our money in various ways. Most of it is used in grants given in

response to requests made. Some of the grants simply pay for services to beneficiaries or for the continued work of the organisation, as core or project funding; others are investments in organisations or people, designed to change the way they work and to return more value than the financial sum invested. Latterly we have experimented with loans and we think that this will become a relatively small but significant part of our toolbox in future years. Finally, we have done some commissioning where we ourselves have identified important areas for research or schemes and ideas in need of testing. If we are to make an impact on the root causes of disadvantage we will need to increase this proportion of our work. We have no intention of displacing or even emulating the great research foundations, nor of becoming a voluntary sector bank, but we do want to make money work in as many interesting ways as possible.

You may be wondering what Billie Holliday has to do with any of this. I wish I could say that I was humming her songs on that terrible drive five years ago. That would be neat but patently implausible. But I have hummed *God Bless the Child* frequently since. It reminds me of two important principles for us. We do not on the whole think that voluntary sector applicants try to 'take too much'; if anything they ask for too little and over too short a period of time. If we invest in an organisation we want it to succeed, so we try very hard to give what is needed to get the job done. That will not change. We also know that Billie is right that the child who has got his own is blessed. So we put great store by bids that help put money in the pockets, ambition in the sights and opportunities in the way of people who have not had them. Whether through debt advice, welfare benefits, training, education, independent living initiatives, advocacy or jobs, projects that help people to manage their own money and to control their lives appeal to us. We think people are basically good at running their lives, given an even chance.

It is a great privilege to be a grant maker. You get to meet fantastic people who are doing extraordinary things and they thank you! Let me just register here our collective thanks to all the applicants who have helped us to use our money well, all the fellow Trust employees and Trustees who made us welcome five years ago and helped us find our way, the consultants and advisors who gave us critical comment and guidance and, of course, Northern Rock plc without whose original vision and continued support we would not be here. And so to my highlights of the first five years.

the **NR** foundation

THE NORTHERN ROCK FOUNDATION

1998

- 15 January, the Foundation is formally launched at the Copthorne Hotel in Newcastle on a cold, crisp, sunny winter's day.
- April 1998, grants of £1.3 million are announced.
- 31 December, the year ends with 257 grants worth over £5.7 million committed.

1999

- New grant programmes are added to create a portfolio of seven programmes.
- June, the launch of our special £1 million programme for ex-coalfields settlements - we ended up spending £1,204,159.
- Exceptional grants include £80,000 to enable a new bronze cast of Fenwick Lawson's St Cuthbert to be made and installed on Holy Island.
- 31 December, the year ends with 311 grants worth almost £8 million committed.

2000

- Summer, the launch of our twice yearly newsletter, *Rock Reports*, featuring the work of our grant-holders and helping us to communicate more widely and informally with our audience.
- Our Urban and Rural Regeneration Programme takes advantage of new Charity Commission guidelines enabling us to take a more active role in helping people to restore their own communities.
- Our first research commission, into attrition in domestic violence cases entering the justice system, undertaken by the University of Sunderland.
- Our first Big Projects Fund launched with a budget of £1 million - we spent £1,695,000.
- Our £1 million commitment to penal reform and particularly restorative justice begins. We subsequently committed a further £462,500.
- 31 December, the year ends with 301 grants worth over £9.5 million committed.

2001

- The first of our Northern Rock Foundation Writer's Awards is launched by the Poet Laureate, Andrew Motion and presented to the distinguished poet, Anne Stevenson.
- The Trustees make a grant to the Policy, Ethics and Life Sciences Research Institute to promote knowledge and understanding of bio-ethics.
- Our ability to respond quickly to local needs leads us to commit over £1.4 million to help those affected by Foot and Mouth disease.
- The year ends with a Foundation-funded extravaganza by Dodgy Clutch, Newcastle's own large-scale, outdoors, audacious and celebratory arts company in the freezing cold of New Year's Eve at the Haymarket.
- 31 December, the year ends with 405 grants worth over £11.2 million committed.

2002

- We win - to our total delight and astonishment - the award for Best Grant Maker in the annual Charity Awards. A second award follows, from the British Archaeological Society, recognising our support of Vindolanda, which had suffered potentially damaging financial losses during the Foot and Mouth epidemic.
- The Trustees decide to announce a second Big Capital Projects fund for 2003 to be called *Buildings to Delight and Inspire*.
- Just before Christmas we move into our new building in Gosforth.
- 31 December, the year ends with 362 grants worth over £13 million committed.



northern rock
foundation

More than meets the eye

If there is one message the Northern Rock Foundation has succeeded in getting across in its first five years, it is that there is more to being a grant maker than making grants. Being clear about the questions that need to be asked, searching for answers and being prepared to stand by sometimes contentious decisions are equally important parts of the picture.

In early 2002, the achievements of the Northern Rock Foundation in its first four years were recognised with a Charity Awards prize for grant making. Director Fiona Ellis probably didn't expect to find herself potholing in Wales as a result, but doing something you would rather not, in order to learn more about leadership, is a condition that every winner of a Charity Award has to accept.

The Foundation was commended for the clarity and accessibility of its application process and the speed and effectiveness with which its funds reach their target. By any measure, the Foundation's goal is an ambitious one: 'to help improve the conditions of those disadvantaged in society' but with five percent of Northern Rock plc's pre-tax profits to spend each year, the Trustees have the resources with which to achieve it.

In its first five years, the Foundation has supported new and established organisations and schemes, contributed to running costs and backed one-off projects. It has created special funds in response to crises and opportunities, and invested in research and in new approaches to persistent problems. There has been a genuine sense of adventure, among staff and Trustees, in exploring how the Foundation's resources might make the most difference to the North East and its neighbouring areas. From the applicants' point of view, the guidelines are relatively easy to understand, the forms do not take too long to fill in and grants are paid promptly.

Analysis of the Foundation's activities between 1998 and 2002 (1,636 grants worth £47.7 million) reveals some of the characteristics of its approach. The first is that the Foundation rarely walks alone. Other grant makers, public and voluntary sector agencies and educational institutions have been working on the causes and consequences of disadvantage in the North East and elsewhere for decades. The best way for a newcomer to learn and to identify ways to make a sustainable impact on the lives of individuals and communities was always going to be by working closely with others.

Celebrating Chinese New Year at the St James and St Bede Family Centre



Photograph © Simon Veit-Wilson



Olwen Smith and the Reverend Lyn Hallett at St Catherine's Church, Crook, subject of a recent access audit by Wear Disability Access Forum

Photograph © Simon Veit-Wilson

A second characteristic is the Foundation's commitment to learning as much from what has gone wrong as from what has gone right. In the same spirit, it supports others to learn, whether through formal training courses - in computer skills or parenting, for example - or informally from each other.

The Foundation takes risks and funds others to do the same, to the extent that the *Guardian* was able to describe it last year as 'an innovative grant maker, funding causes that many companies would deem too unpopular or too risky'. The Foundation also backs safe bets, providing experienced organisations with the resources they need to deliver more of the same. The principle here is that tried and tested ideas are sometimes the best and people who have discovered an effective way of working should not be penalised for failing to come up with something 'new'. What they need is, quite simply, a bit more money to enable them to do what they do better. In grant-making shorthand, this is called 'capacity building' and over the past five years, the Foundation has invested significantly in increasing the capacity of organisations of different types and sizes to deliver.

Capacity building is the subject of the first of the three articles that occupy the following pages.

The second looks at the Foundation's support for new approaches and the third highlights a selection of special projects and areas of need to which the Foundation has chosen to respond. In her introduction, Fiona Ellis explains the thinking behind the Foundation's grant making since 1998. The Foundation was set up to make a difference to the lives of individuals and their communities mostly, although not exclusively, in the North East. The stories that follow begin to describe the difference its grants are making.



Newcastle's Dodgy Clutch Theatre Company performing Fantastic Follies at Wallington Hall

Photograph © Carol Bell

Help yourself

When it comes to tackling disadvantage, much of the most effective work is done by individuals and small organisations with an intimate knowledge of their own communities. These are people who know what is wrong and what might help to put it right, but their ability to act is limited by their lack of human, financial and other resources.

The Northern Rock Foundation's response has been to make grants to organisations of different types and sizes, specifically to increase their capacity to deliver. The St James and St Bede Family Centre, in Gateshead, started life as a church project with enough people and money to provide a play group two mornings a week. With a three-year grant from the Foundation, it is now employing more workers for more hours, is open five mornings and two afternoons, and runs a nursery, a drop-in facility and parenting classes.

The classes are a new departure. So far, they have covered learning through play, first aid and positive parenting. Mostly young, first-time parents can talk about any difficulties they are having (how to handle a temper tantrum, how to encourage a child to eat healthy food) and discuss possible solutions. 'The idea,' says the Centre's finance and administration coordinator Marjorie Webster, 'is for the parents to

learn from each other. Many of them are experiencing being a parent for the first time and there is a lot to learn! A summer party in 2002 attracted more than 160 children and adults, underlining the important role the Family Centre is now playing in the community.

When it comes to opportunities for individual local residents to instigate change in their communities, one scheme stands out. *Can Do* was the brainchild of the Scarman Trust. The Trust is named after Lord Scarman, who headed the public enquiry into the causes of the civil disturbances in England in the summer of 1981 and who persuaded government to listen more closely to its citizens. The Scarman Trust is based in London but has regional offices, and the Foundation's grant paid for the running costs of the North East office.

Can Do was a direct response to the observation that residents in poorer communities are more used to having schemes thrust upon them than taking the initiative themselves. Supported by the Millennium Commission, *Can Do* recognised that every community has within it individuals with the imagination, drive and 'can do' approach to bring about change.



Community consultants Leigh Ann Hutchinson, Hazel Clark and Christine McCardle

Photograph © Simon Veit-Wilson

Fishermen Norman Nyberg, Michael Bould and Kevin Henderson crossing Amble's new market square - an Amble Development Trust project



One of the first people to hear about *Can Do* was Hazel Clark whose house, along with those of her neighbours in four short streets in Hendon in Sunderland, was facing a demolition order. Hazel Clark had not been involved in any kind of community action before but, attracted by the *Can Do* publicity campaign, she applied for a grant with which to challenge the suggestion that the streets were a 'problem area' fit only for the bulldozer. She became secretary of MASSS (a group named after the streets' initials) and with her grant, she bought a computer and printed leaflets to make the case against demolition.

Two years later, two of the streets had been cleared, two had been saved and Hazel Clark had become a key player in her community. She helped to set up the Women's Action Support Group, which subsequently won a Community Champions Award from the Department for Education and Skills to involve more women in the regeneration of the area. Today she is vice chair of the New Deal for Communities in Hendon and the East End, which is bringing together the

public, private and voluntary sectors to improve the quality of housing and facilities locally and to create opportunities for training and employment.

Another consequence for Hazel Clark has been paid employment. She and three other women are currently working, on short-term contracts, as community consultants for ETEC (the local training and skills agency) ensuring that local people's views are properly represented. Their most recent study was into barriers to employment for women. As well as giving local people a voice, the consultants are gaining valuable experience of interviewing, facilitation and negotiation.

Hazel Clark's focus was four streets. Up the coast, in Amble, Northumberland, the Amble Development Trust (ADT) has been working, since 1994, to boost the local economy. The Trust, which received a three-year grant from the Foundation towards its running costs, is investing not only in improving the look of the town but also in training for individuals and support services for local businesses.



RSVP North East regional coordinator and volunteer Andy Stafford reading with pupils at Farne First School

In January 2003, the ADT received the Royal Town Planning Institute's Award for Town Regeneration. The judges concluded: 'Amble is an outstanding example of the regeneration of a small, seaside town through the involvement of a wide range of agencies. It is a clear demonstration of partnerships working to achieve a vision of the future in which the whole town has been fully involved!' The key word here is partnership. The Trust takes the initial risk on projects, which its partners (e.g. local government, the business community and ONE North East) then develop. The physical improvements to the town include the high street, the pier (which has become a popular tourist attraction) and the market square.

The demand from businesses for the facilities offered in the ADT's own headquarters, has led to the purchase of a redundant pub on the other side of the street. This will be converted to provide another suite of supported offices, the rent from which will contribute to the ADT's annual income. 'One of our aims,' says Executive Director David Milburn, 'is to make ourselves less grant reliant. Buying the second building is a way to develop our asset base and to make ourselves more sustainable in the long-term.'

New ideas for increasing the capacity of the town to generate income include the establishment of mussel beds, the development of a market garden and a restaurant. The restaurant will cater for visitors wanting to sample locally produced food, and will provide local training and employment.

The Northern Rock Foundation has become a major supporter of services run for or by older people. The Retired and Senior Volunteer Programme (RSVP) is a national programme instigated by Community Service Volunteers to encourage people over the age of 50 to become more involved in voluntary work. RSVP North East now has more than 200 volunteers whose tasks include shopping, befriending, accompanying people on visits to hospital and working with school children with special needs. RSVP North East has two branches and until early 2001, both coordinators were working from home. The Foundation's first grant paid for an office in Chester-le-Street and the salary of a part-time administrator. A second successful application, in 2002, provided for the administrator to work full-time, greatly increasing RSVP's capacity to manage its growing number of volunteers more effectively.

Volunteers were also the focus of a grant made to the Stockton Borough Carers Resource Centre, which opened in March 2001. There are an estimated 5.7 million people in Britain who care for ill, frail or disabled friends or relatives at home and an estimated 17,000 of them live in Stockton. Given their caring responsibilities, many find it hard to sustain a social life and can become isolated. The Foundation paid for the salary of a volunteer coordinator, whose remit is to encourage former carers to befriend other carers in Stockton, and particularly older people who have been bereaved.

Increasing opportunities for disabled people has been a consistent theme of the Foundation's work throughout the past five years. Wear Valley Disability Access Forum was set up in 1998 by a group of disabled people – mainly wheelchair users – who decided that something had to be done to increase access to buildings in this rural part of County Durham. Word of their work soon spread and the membership and remit of the Forum expanded. With a full-time, paid coordinator funded by the Foundation, Forum members are running disability awareness training and undertaking access audits for public and private sector organisations. The Forum was recently commissioned to carry out an access audit of places of worship in Crook. 'The sorts of places that usually want disability access audits are shops and schools,' the Forum's coordinator Anne Cowie explains. 'You

don't always think about somewhere like a place of worship as having poor access, but our audit shows that they do.'

Members play an active part in persuading the providers of services to improve access. One succeeded in persuading the local highways department of the importance of 'tactile' pavements at road junctions and crossings for people who are visually impaired. The Forum also provides practical advice and information, including demonstrations of the latest telecommunications equipment for deaf and hard-of-hearing people. Its latest venture was the publication of *Walking with Wheels*, a description of nine wheelchair-accessible walks in the Wear Valley. Like many organisations supported by the Foundation to increase their capacity to deliver, the philosophy of the Wear Valley Disability Access Forum mirrors that of the Foundation: it helps people to help themselves.

The past five years have introduced the Foundation to an extraordinary range of organisations and individuals working to improve the quality of life in their communities. While the Foundation cannot address the need of some of these organisations and schemes for a sustained increase in core funding, it can provide a valuable, short-term boost to their resources and provide them with the time to think about other ways to increase their capacity in the longer term.

Jack McGrath and Mrs McGrath with guide dog Irwin using one of the tactile pavements for which they campaigned



Photograph © Simon Veit-Wilson

New approaches

As an independent and relatively large grant maker, the Northern Rock Foundation has the opportunity to contribute to the cost of research and pilot projects to an extent that is beyond the reach of many other funders. Testing out new approaches to long-term problems is a priority, which is why research into domestic violence and restorative justice have both received support.

Decisions to fund potentially risky or contentious projects are informed by the Foundation's knowledge of its constituency, its recognition of the importance of seeing an idea through and its readiness to work with partners with expertise in a given area. Against this background, proposals to test out new approaches have been sympathetically received.

Economic disadvantage has been the theme of many of the grant applications received over the past five years and identifying imaginative ways to tackle it has been a priority. When Street UK asked for £100,000 to lend in small amounts to small businesses, it stood out as an unusual request. Street UK is Britain's first micro bank. While in poorer parts of the world, micro banks have become an established source of loans for small businesses, they were only recognised as 'a good idea' in this country as recently as 2000. That was the year that micro banks were cited in a report to the Chancellor of the Exchequer, by the Social Investment Task Force, as a way to increase investment in Britain's poorest communities.



'We are helping people at the bottom end of the economic curve,' explains John Hall, who runs Street UK's Newcastle office. 'They are often people wanting to come off benefits. They can continue to claim Job Seekers Allowance for 26 weeks while setting up their business and if they need to borrow money, either at that point or later, we will do what we can to help.'

High street banks are usually reluctant to lend money to someone with a bad credit record, or with a county court judgement against them. Businesses that are new or run by someone with little or no previous experience are also likely to receive a negative response. For someone with a good idea, but on a low income or receiving benefits, the main sources of finance are likely to be family and friends, credit cards or moneylenders. Street UK offers an alternative. A national organisation with offices in different parts of the country, it lends small sums of money to anyone who can show that they are already earning income from their business idea and who can provide three guarantors (usually friends or family).

Scott Thompson was one of the first people to receive a loan from Street UK in the North East. He trades in sci-fi and comics from a shop in Newcastle and sells rare and fine books on the internet. 'The bank just didn't want to know,' says Thompson. 'Even after I'd been trading for three years, they wouldn't even give me a cheque card or a £50 overdraft. They said there wasn't enough activity on my account.' He contacted Street UK to borrow the balance of a deposit on new premises in Eldon Square. 'I needed £2,500. I'd raised £1,500 myself but no bank would lend me the rest. They were, to put it bluntly, useless. Then I found Street UK and decided to borrow another £500 to cover some of the costs involved in the move. It's a proper loan at a commercial rate and now I can go ahead, but the regular banks weren't having any of it.' His business is now thriving.

Derek Campbell (pictured left) came to Street UK for a loan to buy some shutters for his new shop, selling kitchen appliances. With experience of running two small businesses, he knew he had spotted a gap in the market, but he could not afford all of the start-up costs and the bank was unwilling to lend. Street UK agreed to a loan, which has since been repaid and the business is going from strength to strength.



Photograph © Allan Glewright

The Pennywell cycle maintenance workshop - a Keyfund success story

The Keyfund is a similarly innovative scheme, providing young people with the experience of designing and delivering their own projects. The idea is that young people learn most when they are doing something that interests them. Conceived by youth workers in Australia, the scheme was translated to the North East ten years ago by Northumbria University's Andy Gibson. Youth workers are trained to advise young people to devise a project plan and see it through to the end. If they are successful, they can come back with another idea.

Typically, the first proposal for a project revolves around having fun – an evening go-karting or swimming, perhaps. The second proposal tends to be more ambitious, reflecting the confidence of the group in its ability to plan, negotiate, budget and keep to a timetable. Gradually, these young project workers

realise that they can take the lead. In Pennywell in Sunderland, a group of teenagers with nothing much to do but race around the estate on mountain bikes, applied to the Keyfund for money to buy tools and run workshops in cycle maintenance. They studied for National Cycling Federation mechanics certificates and successfully persuaded the local police to give them unclaimed, stolen bikes to repair and sell locally, with the money going back into their project fund.

By 2000, more than 500 youth workers, teachers, care workers, social workers and sports development officers had completed the training, forming the beginnings of a Keyfund network. Recognising its potential, the Foundation awarded the Keyfund £1 million to develop the network and to extend its reach to more young people in the North East and Cumbria.



Patients can fit in creative arts workshops between treatments at Newcastle General Hospital

The contribution of the arts to the health and well being of individuals and communities is becoming more widely acknowledged by health professionals in the UK. Much of the evidence of the benefits is still anecdotal and there is an increasing demand for academically credible research into why and how participation in the arts promotes good health.

In 2000, Sir Kenneth Calman, Vice Chancellor of Durham University and former Chief Medical Officer set up the Centre for Arts and Humanities in Health and Medicine. CAHHM, which is based at Durham University, is now working to produce the evidence that people are asking for and to promote the arts and humanities as an element in the training of doctors, nurses and other healthcare professionals. The Northern Rock Foundation has supported some of CAHHM's work in the field of community health.

The Foundation is one of a number of funders involved in a pilot project taking place in the chemotherapy day unit at Newcastle General Hospital. The first phase of the project ran for nine months.

During what can be a tense and distracting period, prior to and during treatment, visitors to the day unit and outpatients area were offered the opportunity to work with artists, making collages and 'proggy' mats. According to hospital staff, the regular sight of creative activity made a significant difference to the atmosphere of the unit. Working with artists helped patients to relax and allowed them to focus on something other than their illness and treatment. The Foundation is now supporting the continuation of the project for a further two years, with a view to measuring its impact on the health of participants in the longer term.

Every grant maker occasionally runs the risk of negative media coverage and none more so than those who spend money on the rehabilitation of offenders. In its first five years, the Northern Rock Foundation has supported activities for young people at risk of offending, for offenders still serving their sentences and for others who are now living again in the community.

The Derwent Initiative is a scheme unique to the North East. Established by the probation service in the wake of the Cleveland Inquiry into sexual abuse, the Derwent Initiative brings together public and voluntary sector organisations concerned with sexual offending 'to achieve greater protection of the public, especially children, in accordance with natural and legal justice'. What this means in practice is protecting those most vulnerable to sexual offences, while also working with offenders. The Derwent Initiative's early funders were the Henry Smith Trust and the Community Foundation. The Northern Rock Foundation joined them in 2001.

The initiative recognises the complexity of the rehabilitation of sex offenders and aims to work with the full range of agencies involved. An early success was the production of an agreement among local authorities in Northumbria of a policy and procedure for the housing and risk management of sex offenders. The policy was supported by housing associations, local authority housing officers and the National Society for the Prevention of Cruelty to Children, making it easier to manage and support people who have completed their sentences.

Fundraising for the Derwent Initiative remains a considerable challenge and a funder's support is worth a great deal more than the amount written on the cheque. The message that this kind of grant making sends is that the Foundation values the work of the Derwent Initiative and hopes that others will support it and other multi-agency projects like it.

The cost of keeping someone in prison for a year is creeping towards £30,000 and the number of prisoners is higher than ever. Many of those prisoners have served a previous sentence, so one way to reduce

the prison population is to reduce the likelihood of people reoffending.

At King's College London, the International Centre for Prison Studies is undertaking a major research programme into what has become known as restorative justice. The Northern Rock Foundation is one of its funders. The idea is that prisoners who become involved in constructive, community-focused activity are more likely to leave prison with a greater sense of self-worth and responsibility and will be less likely to reoffend. The research involves a number of practical projects. In the North East, the Inside Out Trust, which creates opportunities for offenders to contribute to community programmes (usually from within their prison or young offenders institute) is working with the ICPS to assess the effectiveness of its approach.

One substantial project centred around the regeneration of Middlesbrough's Albert Park. With the active support of the borough council, prisoners at HMPs Holme House, Kirklevington Grange and Deerbolt (a young offenders institute) made railings for the park's lake and furniture for the café and community room, and refurbished a collection of Victorian rowing boats. Some of the work was done in prison workshops and some of it on site. Their labour was valued at £125,000, but the appreciative response of the Council and the local community was worth more to the men who had taken part. 'We have to accept the fact that prison must be a humane and constructive place,' the now former Director-General of the Prison Service Martin Narey told a journalist. 'not least because all but 23 of my population are going home some day.'



Giving something back - a hands-on approach to restorative justice

Special funds

From time to time, the Foundation allocates what it calls 'special' funds to particular areas of need or to enable it to respond to an unexpected opportunity. The outbreak of Foot and Mouth Disease (FMD) in 2001 hit parts of the Foundation's region harder than anywhere else in the UK. The first case was recorded in Northumberland. When the all clear was sounded months later, almost 90 premises had been infected, with numbers in County Durham following close behind. But it was Cumbria, with its hundreds of tiny farms scattered across the county, that was hit hardest of all. With the fells effectively closed down and farmers and their families having no idea how long the outbreak would last, the level of demand on local authority and voluntary sector support systems was unprecedented.

The Cumbria Stress Information Network set up a helpline, and volunteers coordinated by Voluntary Action Cumbria (VAC) took 50 calls a day. Some callers needed information or practical help, often financial; some used the line to alert VAC to the plight of neighbours; others simply needed someone to talk to, while the slaughtermen got on with their job.

The financial and psychological aftermath of Foot and Mouth needed urgent attention and the Northern Rock Foundation set aside an initial £1 million specifically for this purpose. It eventually spent £1.4 million. One of the organisations that applied to this special FMD fund was the Northumberland Rural Stress Initiative. The NRSI was set up in 1999 by Northumberland Community Council, to increase cooperation between some 35 agencies and individuals that were already working in various ways to alleviate stress in the county's rural communities. They included Citizens' Advice Bureaux, Relate, Business Link Advice Centres, the Royal Agricultural Benevolent Institution, the Samaritans, debt advisers, and others. Between June 2001 and May 2002, the NRSI's advice and counselling services received 2,448 requests for help, an increase of almost 1,000 for the same period the previous year.

As the countryside began to reopen, the number of calls reduced, but in other ways the need for the NRSI was greater than ever. People's earnings had plummeted and the stress on farming families was intense. The Foundation responded positively to a





Photograph © Simon Veit-Wilson

Paul Winter leads a dance class at Eastlea Community Centre

request to fund the organisation's running costs, to support increased cooperation between the bodies providing services and to pay for the appointment of rural stress advisers to work with each of four CABx. 'People are much more aware of us now,' says the NRS coordinator, Susan Cross. 'There was perhaps a reluctance to come forward with a stress-related problem before Foot and Mouth but during that time everyone was in the same boat and because the problems people were facing were because of Foot and Mouth, they did not hesitate to ask for help.'

Many of the applications to the FMD fund related to the economic hardship experienced as a direct result of the disease. Families dependent on earning part of their income from tourism earned almost nothing that year and although farmers who had lost stock were eventually to be compensated by government, the risk of not diversifying had been highlighted once and for all. VAC, which had been working in the county for 60 years, was already looking for flexible ways for farming families to earn additional income. Shortly before FMD broke out, it had floated the idea of a food-growing and catering cooperative. Conceived by a group of women in the rural north of Sweden the

cooperative, known here as Feast Cookers, promotes the cultivation and cooking of local produce, using local recipes and serves it at special events.

Supported initially by Cumbria-based food producer and cook, Annette Gibbons, the founding members of Feast Cookers have put together a collection of Cumbrian recipes, undergone training at the University of Central Lancashire and fulfilled several public engagements, simultaneously earning a modest income and raising the profile of home-grown food. VAC has acquired two commercial kitchens, one at Crofton, near Carlisle and the other in the south of the county not far from the Westmorland Showground. A full-time coordinator will be appointed in 2003. Later this year, the Feast Cookers will be supplying the restaurants of the Houses of Parliament with local produce, with which to cook Cumbria recipes for a whole week. 'It is such an exciting project for us,' says Kate Braithwaite, director of VAC. 'Everybody really pulled together during the crisis and those relationships will last for a long time. By working together...we have become bolder and more imaginative than we might otherwise have been.'



Julia Darling receives the 2003 Northern Rock Foundation Writer's Award from Foundation Chairman Richard Harbottle

The future of the former coalmining areas of the North East was an early priority for the Foundation. In 1999, through its short-term Coalfields Grants Programme, grants worth £1.2 million were made to 41 organisations. Much of that money was invested in the refurbishment of facilities for community use. In Eastlea, a part of the former mining town of Seaham on the Durham coast, local residents decided they needed a new community centre. The existing centre occupied a crumbling Victorian school building and could no longer provide the facilities people needed. The Foundation was one of several funders of the centre, paying for a new kitchen, IT equipment and staff to run it. The new Eastlea Community Centre opened in March 2001 and is now promoting a programme of adult education classes, IT training, a playgroup, a lunch club, exercise and martial arts classes, a dance school that meets three times a week and a youth theatre. A second grant from the Foundation, in 2002, contributed to the salaries of an employment adviser and a computer skills tutor.

The special grants programme provides the Foundation with a mechanism for ensuring that the widest possible range of people benefits. The arts have been the focus of a number of special grants,

including the Baltic and the Sage Music Centre on Gateshead Quays.

The Northern Rock Foundation Writer's Award, now in its second year, involves neither bricks nor mortar, but offers one writer a prize of £20,000 per year for three years. In a profession where income is usually extremely low and unpredictable, and in which writers invariably do something other than write in order to pay the bills, the scheme has been warmly welcomed. The award recognises past achievements and future potential and includes writers of fiction, poetry, biography and work for children living and working in the North East. In 2003, the winner was Julia Darling.

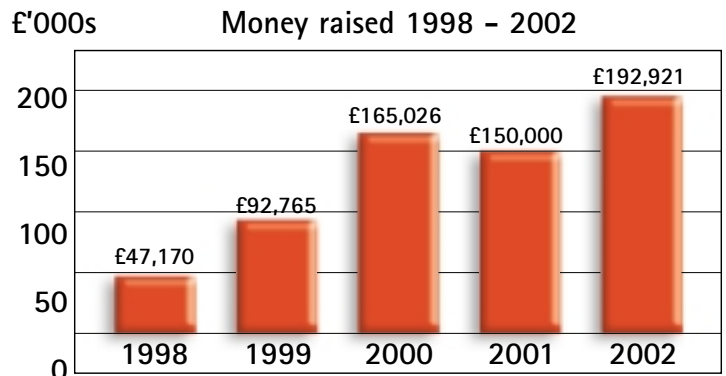
For Director Fiona Ellis, a readiness to work with partners on special projects and to respond to urgent needs, as they have arisen, has provided the Foundation with some unexpected but welcome opportunities over the past five years. 'The Foundation is a growing, learning creature,' she says, 'always willing to hear new thoughts or new takes on old ideas. We have set generously open guidelines for the next few years, but we will also always be ready to act if a new or pressing need warrants a response.'

Staff give their all

Since 1998 the increasingly enthusiastic and death-defying staff of Northern Rock plc have raised over £547,000 for charity. Every pound donated by plc employees is matched by the Foundation, producing a grand five-year total of £1.1 million.

Some of the money comes from the Give As You Earn scheme through which employees make a monthly contribution to their chosen charities. There is a small government subsidy linked to this scheme which, when added to the Foundation's match, makes it an excellent and tax effective way to give.

But by far the majority of the donations come from the fundraising efforts of staff members. Each year seems to bring new forms of physical exertion in aid of an increasing range of charitable appeals. The white-water rafting and glamorous bike rides in exotic and hard-to-reach destinations, the abseiling down terrifyingly high buildings on windy days and the running in extreme cold and wet - not just on the day but in training too - are only part of the story. Huge sums are raised by the more dogged and steady stream of jumble sales, bake sales and tombolas that characterise the British voluntary sector at its most local and most socially significant. By working together with friends and neighbours Northern Rock staff are doing something really important to keep a civil society alive - a contribution as valuable as the money they raise.



Northern Rock staff brave the heat in Borneo raising money for Leonard Cheshire

Top Ten supported charities 2002

Organisation	Matched Amount
Leonard Cheshire	£78,992
St. Oswald's Jigsaw Appeal	£17,712
NSPCC	£11,179
Children in Need	£9,958
Cancer Research UK	£6,681
RVI Breast Cancer Appeal	£5,539
Macmillan Cancer Relief	£4,575
Marie Curie Cancer Care	£3,815
West Denton Community Youth Junior FC	£2,880
Charities Trust	£2,410

Summary financial statements

Statement of Financial Activities (incorporating an Income and Expenditure Account) for the year ended 31 December 2002

	Income Funds 2002 £ '000	Designated Funds 2002 £ '000	Total Funds 2002 £ '000	Total Funds 2001 £ '000
Incoming Resources				
Covenant from NR plc	16,312	–	16,312	14,761
Investment income	565	–	565	557
Other income	6	–	6	4
Grant received	2	–	2	–
Total Incoming Resources	16,885	–	16,885	15,322
Resources Expended				
<i>Cost of generating funds:</i>				
Investment management fees	51	–	51	51
<i>Charitable expenditure:</i>				
Grants payable	12,996	–	12,996	10,892
Support costs	269	–	269	252
Management and administration	414	–	414	315
	13,679	–	13,679	11,459
Total Resources Expended	13,730	–	13,730	11,510
Net Income for the Year	3,155	–	3,155	3,812
Other Recognised Gains and Losses				
Realised gain on Investments	120	–	120	9
Unrealised (loss)/gain on investment	(2,260)	–	(2,260)	(2,224)
	(2,140)	–	(2,140)	(2,215)
Net Movement in Funds	1,015	–	1,015	1,597
Balances brought forward 1 January	23,287		23,287	21,690
Transfers between funds	(100)	100	–	–
Balances carried forward 31 December	24,202	100	24,302	23,287

All of the above results are derived from continuing activities.

There were no gains or losses recognised in the current year that were not reflected in the increase in fund balances carried forward, therefore no separate statement of recognised gains or losses has been prepared.

The surplus for the year for Companies Act purposes comprises the net income for the year plus realised gains on investments and was £3,275,000 (2001: £3,821,000)

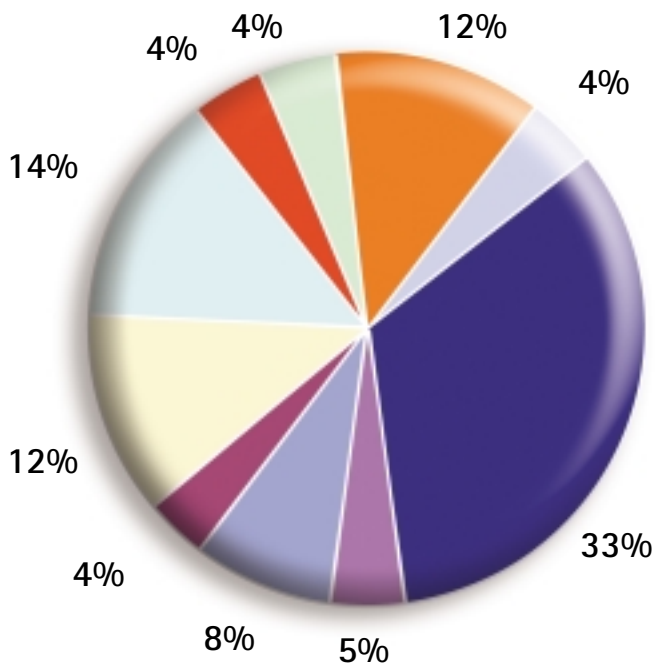
The Trustees consider that all of the Foundation's funds are unrestricted.

Balance Sheet at 31 December 2002

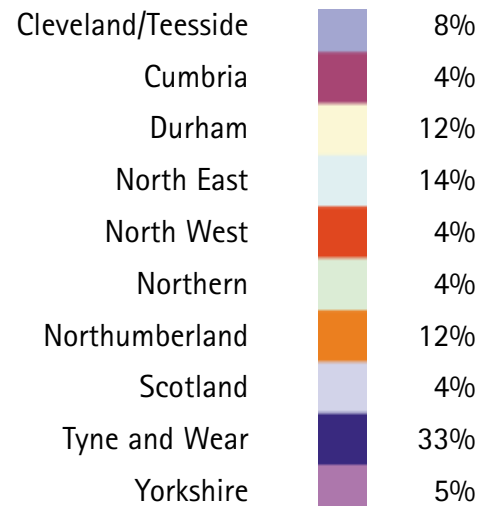
	2002 £ '000	2001 £ '000
Fixed Assets		
Investment in Northern Rock plc	–	–
Tangible fixed assets	1,049	426
Investment under fund management	12,789	14,477
Other investments	1,500	1,500
	<u>15,338</u>	<u>16,403</u>
Current Assets		
Debtors	8,789	7,902
Short term deposits	12,333	9,309
Investments	3	3
Cash at bank and in hand	20	52
	<u>21,145</u>	<u>17,266</u>
Creditors: amounts falling due within one year	(9,251)	(7,664)
	<u>11,894</u>	<u>9,602</u>
Net Current Assets		
	<u>27,232</u>	<u>26,005</u>
Creditors: amounts falling due after more than one year		
Grants authorised and not yet paid	(2,930)	(2,718)
	<u>24,302</u>	<u>23,287</u>
Net Assets		
Funds		
Income	24,202	23,287
Designated	100	–
	<u>24,302</u>	<u>23,287</u>

The above information is a summary of the financial transactions of the Foundation for the year ended 31 December 2002 and does not purport to be a full or audited set of accounts. Our auditors PricewaterhouseCoopers have given an unqualified audit report to the accounts which can be obtained from either Alison Graham at the Northern Rock Foundation or the Foundation's website www.nr-foundation.org.uk

The financial statements were signed and approved by the Trustees on 11th March 2003.



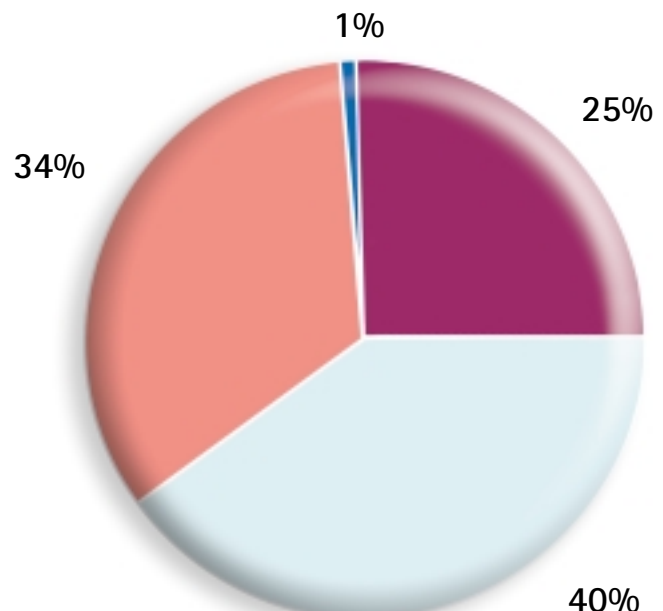
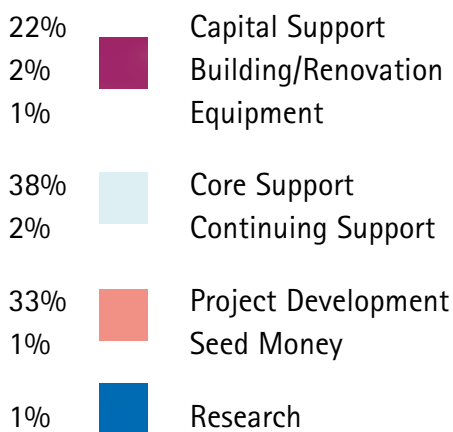
Total Approved Grants in the last Five Years by Region



Distribution of grants awarded by Fund Programmes 1998 to 2002

Fund Programme	1998 £ '000	1999 £ '000	2000 £ '000	2001 £ '000	2002 £ '000	Total £ '000
Empowering People with Disabilities	4,766	2,784	2,106	2,220	2,281	14,157
Urban and Rural Regeneration	-	-	1,616	2,183	3,006	6,805
Helping the Very Young	-	612	774	860	856	3,102
Quality of Life in the Third Age	-	1,363	709	1,342	1,370	4,784
Creative Communities	-	-	430	724	743	1,897
Outside In	-	-	127	200	295	622
Living in the North East	-	-	-	468	2,103	2,571
Ideas Fund	-	1,204	2,695	1,892	1,000	6,791
Exceptional	-	1,119	855	969	1,094	4,037
Community Development	103	457	-	-	-	560
Grants for Small Organisations	624	279	177	148	284	1,512
Community Training Awards	-	122	21	49	37	229
Other	297	215	266	199	294	1,271
Grand Total	5,790	8,155	9,776	11,254	13,363	48,338

Five Year Summary of Grants Awarded by Expenditure Type - 1998 to 2002



Current staff members and Trustees



Photograph © Simon Veit-Wilson

Trustees 1998-2002

Richard Harbottle (*Chair*)
Reay Atkinson (*Chair until 19 June 2000*)
David Baker (*until 1 October 2002*)
Josephine Bonfield (*until 16 January 2002*)
David Chapman
Robert Dickinson (*until 31 October 2002*)
David Faulkner
Leo Finn
Charles Howick
Christopher Jobe
Alan Kilburn (*until 11 December 2001*)
Joe Logan (*until 24 February 2000*)
Frank Nicholson
Dorothy Russell
Julie Shipley
Esmée Slattery (*until 11 December 2001*)
John Ward

Staff members

Carol Bell
Grants Officer
Emma Bennewith
Administration Assistant
Anne Burleigh
Deputy Director
Barry Deans
IT and Administration Assistant
Fiona Ellis
Director
Alison Graham
*Assistant Director (Resources) /
Company Secretary*
Karen Henderson
Finance Administration Assistant
Steph Hutchinson
Finance Administration Assistant
Susan Leonard
Office Manager
Lesley Parker
P.A. to Director

Carole Rock
Administration Assistant
Lisa Thew
Grants Administrator
Sue Vaughan
Grants Officer
Penny Vowles
Grants Officer
Richard Walton
Grants Officer
Joan Woolley
P.A. to Deputy Director

Rock Reports journalist

Phyllida Shaw

This Five Year Review was written by Phyllida Shaw and produced for the Northern Rock Foundation by Kimmerston Design Ltd. www.kimmerston.co.uk

Northern Rock Foundation

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Website:
<http://www.nr-foundation.org.uk>



**northern rock
foundation**

Registered Office:

Northern Rock House, Gosforth
Newcastle upon Tyne NE3 4PL

Registered Charity:

Charity Commissioners' Reference Number 1063906

Company Limited By Guarantee:

Registered Number 3416658

Independent Auditors:

PricewaterhouseCoopers LLP
89 Sandyford Road
Newcastle upon Tyne NE99 1PL

Bankers:

Lloyds Bank plc, Lloyds TSB
City Office, PO Box 72, Bailey Drive
Gillingham Business Park, Kent ME8 0LS
Northern Rock plc
Gosforth, Newcastle upon Tyne NE3 4PL

Solicitors:

Legal Department, Northern Rock plc
Gosforth, Newcastle upon Tyne NE3 4PL

Investment Advisor:

Group Treasury, Northern Rock plc
Gosforth, Newcastle upon Tyne NE3 4PL

Investment Managers:

Merrill Lynch International Bank Ltd
Newcastle Branch, Quayside House
110 Quayside, Newcastle upon Tyne NE1 3DX
(until 22 January 2003)

Gerrard Ltd
Cross House, Westgate Road
Newcastle upon Tyne NE1 4XX
(appointed 22 January 2003)