

NEAR NEIGHBOURS

England & Wales · Charity number 1142426

Details

Status	Registered
Legal form	Charitable company
Company number	07603317
Registered	2011-06-15
Register	View on the Charity Commission register

Contact

Address	The Foundry 17 Oval Way London SE11 5RR
Phone	0203 752 5651
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Website	www.near-neighbours.org.uk

Activities

Objects: THE COMPANY'S OBJECTS ARE TO PROMOTE ANY CHARITABLE PURPOSE IN AREAS WITHIN THE PROVINCES OF CANTERBURY AND YORK WHICH ARE IN NEED OF SPIRITUAL AND MATERIAL ASSISTANCE BY REASON OF SOCIAL AND ECONOMIC CIRCUMSTANCE WITH A VIEW TO REINFORCING THE WORK OF THE CHURCH OF ENGLAND AMONG THE PEOPLE OF THOSE AREAS

Activities: The Near Neighbours programme builds social integration by bringing people together in religiously and ethnically diverse communities, creating friendships, building relationships of trust and helping people to transform their neighbourhoods together. Near Neighbours works in locations in England.

Classification

- **How:** Makes Grants To Organisations, Acts As An Umbrella Or Resource Body
- **What:** The Prevention Or Relief Of Poverty, Economic/community Development/employment, Human Rights/religious Or Racial Harmony/equality Or Diversity, Other Charitable Purposes
- **Who:** Other Charities Or Voluntary Bodies, The General Public/mankind

Geography

- **Area of benefit:** UNDEFINED
- Throughout England

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£604,518	£642,437	£227,682	0
2023-12-31	£491,407	£381,269	-	-
2022-12-31	£525,206	£520,371	£155,465	0
2021-12-31	£2,302,315	£2,248,144	£150,629	0
2020-12-31	£899,662	£1,001,171	£96,458	1

Trustees

Name	Role	Appointed
Catriona Anne Elizabeth Robertson		2025-02-25
Katherine Hodgkinson		2021-05-24
Rev Canon Jenny Ramsden		2025-02-25
Rev Jessica Beatrice Foster		2021-05-24
Rev Rogers Morgan Govender		2021-05-24

NEAR NEIGHBOURS

England & Wales - Charity number 1142426

Accounts



TRUSTEES' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2024

Company Number: 07603317

Charity Number: 1142426

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TRUSTEES, OFFICERS AND ADVISERS

Chair

Sue Chalkley OBE *to 10.02.2025*

The Rev'd Jessica Foster *from 10.02.2025*

Trustees

The Rev'd Catherine Allison

The Rev'd Canon Dr Malcolm Brown *to 18.09.2024*

The Very Rev'd Rogers Govender

The Rev'd Katie Hodgkinson

The Rev'd Canon Jenny Ramsden *from 25.02.2025*

Catriona Robertson *from 25.02.2025*

The Rev'd Dr Richard Sudworth

Faith Advisory Panel

Imam Qari Asim

Dan Bacall

Darcy Biddulph

Muna Chauhan

Sanjay Jagatia

Rabbi Nicky Liss

Manchandani Kaur Sandhu

Navdeep Singh

The Rev'd Dr Richard Sudworth

Sarwat Tasneem *to February 2024*

Principal Officers

The Rt Rev'd Rob Wickham,
Group CEO

The Rev'd Adam Edwards,
Group Deputy CEO

The Rev'd Elizabeth Carnelley,
Director of Partnerships

Sarah Wallace BEM, Director
of Programmes and Innovation

Vinyo Aidam, Director of
Finance and Governance

Advisers

Bank –

**National Westminster Bank
Plc**

Victoria (B) Branch
PO Box 1357
169 Victoria Street
London SW1E 5NA

Auditors –

Forvis Mazars LLP

6 Sutton Plaza
Sutton Court Road
Sutton
Surrey SM1 4FS

Solicitors –

Legal advice is provided by:

Anthony Collins Solicitors LLP

134 Edmund Street
Birmingham B3 2ES

Registered office

NEAR NEIGHBOURS

The Foundry, 17 Oval Way, London SE11 5RR

A company limited by guarantee.

Registered number 7603317

Registered Charity number 1142426

INTRODUCTION FROM CHAIR OF THE TRUSTEES

Over the last fourteen years Near Neighbours has been building stronger, more cohesive communities in which people of all backgrounds can belong, connect and contribute. Near Neighbours works in diverse areas across England, in communities that have been impacted by economic inequalities, racial and cultural tensions, segregation and social fragmentation. The Near Neighbours ethos 'bringing people together' underpins our programmes, nurturing relationships across lines of faith and ethnicity. Our work develops local leaders and builds capacity, collaboration and trust between diverse community groups, to improve and strengthen the communities they live in.

This year (2024) we had a condensed amount of time to work in, receiving our next tranches of funding very late in the autumn of 2023, to March 31st 2024, and again in the late autumn of 2024, for work until March 31st 2025, and this has made planning difficult. Despite this we achieved our targets as planned, and exceeded many of them. We were able to pilot new work in two areas – Liverpool and Middlesbrough – in 24/25, and we hope to continue this work, funding permitted. These were areas affected a lot by the riots of the summer of 2024, targeting asylum seekers and people from diverse backgrounds, which caused a great deal of distress and hurt in many of our communities, and we have reflected a great deal on these events, as they have emphasised the real need for this kind of work, building communities across divides of ethnicity and faith.

The CUF team successfully administered the government's Windrush Day grants scheme again, which we have done since it began in 2019 (with Near Neighbours branding). The Windrush Day Grant Scheme is an initiative to commemorate and celebrate the contributions of the Windrush generation and their descendants in the United Kingdom. The scheme offers grant funding for impactful projects that educate people about the Windrush story and foster pride in the contributions made by UK Caribbean communities.

On behalf of the Trustees, I would like to thank the team who have worked so hard in such challenging circumstances to deliver a positive year for Near Neighbours. Thank you too to our Faith Advisory Panel, which continues to provide added accountability to our organisation that serves communities across faiths and beliefs.

The Rev'd Jessica Foster, Chair of Trustees

REPORT OF THE TRUSTEES FOR THE YEAR TO 31 DECEMBER 2024

The Trustees present the Annual Report and Financial Statements of the charity for the year ended 31 December 2024. The Financial Statements have been prepared in accordance with the accounting policies set out in Note 1 to the Financial Statements and comply with the Memorandum and Articles of Association, the Companies Act 2006 and Charities Act 2011, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their Financial Statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland effective 1st January 2019.

OBJECTIVES AND ACTIVITIES

Near Neighbours (NN) was created by the Church Urban Fund (CUF) and the Archbishops' Council of the Church of England following the award of £5m by the Department for Levelling Up, Housing and Communities (formerly MHCLG - Ministry of Housing, Communities and Local Government) in March 2011. Since then, further grants have been received. We anticipate receiving further government funding this year (2025). NN has a small amount of trust funding and National Lottery funding for our Catalyst young leaders' programme

The Near Neighbours programme works to bring people together in communities that are religiously and ethnically diverse, so that they can get to know each other better, build relationships of trust and collaborate on initiatives that improve the local community they live in.

The charity aims to strengthen personal relationships and at the same time strengthen civil society, to create a more cohesive society where people live together respecting the differences they have with others and building a flourishing life together.

The programme has operated in the last year in Birmingham, Leicester, Liverpool, Luton, Middlesbrough, Nottingham, West London, West Yorkshire, and Lancashire.

Our main objectives:

- **Social Interaction** – by building personal relationships of trust, so that people understand each other better. We work with people of all faiths and none, with the aim to develop positive relationships that provide a foundation for people to work together.
- **Social Action** – by building up civil society across divides of faith and ethnicity. We provide the opportunity for people to come together and work on creating positive change in their neighbourhood.

There are currently four main strands to the Near Neighbours work:

- **Near Neighbours Hubs and Partners:** Building diverse and resilient relational networks amongst faith and community groups across different faiths and ethnic backgrounds, and equipping leaders for effective collaboration and community engagement, including women and young people of all backgrounds.
- **Near Neighbours Small Grants:** Bringing people together to develop, lead and participate in local projects that involve people of different faiths and ethnicities to improve communities through the provision of grants of between £250 and £4,000.

- **Catalyst:** A leadership programme that equips young people from diverse backgrounds by building their skills and capacities to be leaders and influencers in a multi-ethnic and multi-faith society.
- **Real People, Honest Talk:** Creating safe spaces to address difficult local issues, through facilitated community-based conversations.

We also support the work of **Places of Welcome**, building a network of local centres where people find support and a warm welcome, and can contribute and participate.

REVIEW OF 2024

Local Hub development:

Mobilising grassroots communities to engage in and transform society.

The Near Neighbours' regional hubs are the foundation of our work and foster strong networks of faith-based and community organisations. Our coordinators have a wealth of expertise and relationships with grassroots organisations and statutory bodies, mobilising collaboration between faith communities. This has been particularly important in the light of tensions in the Middle East, with coordinators attuned to the needs of their communities. The understanding of the local complexity of faith groups, their faith, geography, history and local tensions enables Near Neighbours hubs to build cohesion and to stand against extremism and hate crime.

Over the year our local hubs facilitated 86 new **partnerships** between a range of organisations including churches, mosques, synagogues, other places of worship, schools and colleges, voluntary sector organisations, and statutory agencies

Example: Communities engaging constructively with statutory services or policy makers.

In Leicester, our hub coordinator was key in brokering a connection between the Leicester, Leicestershire and Rutland Integrated Care Board and Bishop of Leicester's Social Policy advisor and communications lead. This began at a networking event in March 24 organised by the LLR ICB's mental health and social prescribing team and hosted at the Wesley Hall Community Centre. An introduction made by our coordinator in bringing representatives from the two organisations together has enabled the Diocese of Leicester to share with 320 Anglican churches the opportunities inherent in including their services. This has ensured an avenue by which to increase the reach of grassroots initiatives by platforming the resources and activities available at local churches and encourage information sharing to meet local needs.

Near Neighbours offers mentoring and support to staff of local organisations and also invests in equipping volunteers to serve their communities. In 2024 our hubs mobilised 802 volunteers. Together, these individuals contributed approximately 29,809 hours of their time to strengthening their communities.

Equipping emerging leaders: Near Neighbours training and events: Enabling faith and community leaders to build their capacity and to engage with those in other faith and community groups and statutory services.

Near Neighbours recognises the importance of investing in emerging local leaders to strengthen community cohesion and increase the diversity of civil society. A main outcome of our work is to 'increase leadership capacity of women, young people, and people from underrepresented groups'. The

Near Neighbours, Leadership for Effective Change, Real People Honest Talk and Catalyst Programmes have been developed by our learning from over a decade to engage particularly with these target groups.

Leadership for Effective Change

Leadership for Effective Change (LFEC) is delivered through a series of six sessions equipping participants with skills in storytelling, partnership building, designing effective campaigns, leadership, and teamwork. The programme focuses on developing emerging local leaders from diverse backgrounds. Highly skilled facilitators worked across hubs in the spring of 2024, bringing 21 participants together online and creating opportunities to share experiences and learning from different backgrounds and contexts. All participants who completed the feedback form reported that they had had a conversation with someone of a different ethnicity and strongly agreed that the LFEC experience had helped them learn something new about a culture or religion different to their own. All who responded reported that they **now feel more confident that they can make a difference in their community**. The course participants had a diversity of gender, faith and ethnicity; 17 of 21 were from backgrounds other than English such as African, Hispanic, Caribbean and Bangladeshi.

Key learning was identified by participants who reflected on their LFEC experience. Responses noted “I learned to have mental clarity and develop strength within myself while talking and addressing different people from all walks of life” and “that self-interest can be a powerful resource to bring people together, and the importance of storytelling to do this.”

Participants also shared a number of practical steps they will take as a result of their LFEC experience. These included “leading a workshop at my church” and “I want to be involved in leadership programme, and be able to teach others, bring the goodness out of them and contribute to their betterment as it is part of my betterment.” Identifying practical next steps motivated by the LFEC experience highlights further impact of the programme and indirect beneficiaries as leaders involved as participants share their skills. The post course survey response received are a positive indicator that the training has increased **leadership capacity** by building the knowledge and confidence of participating grassroots leaders.

Catalyst

Aimed at young people aged 16-26, Catalyst trains young people for confident and collaborative leadership in a diverse society. Through a series of dynamic, interactive sessions, Catalyst students are equipped in four key areas:

1. Developing a positive identity (integrating faith and ethnicity)
2. Exploring leadership
3. Building skills in media and communication
4. Planning social action for positive change.

The course engages highly diverse groups of young people, the majority of whom have not previously participated in a leadership development programme. In 2024 Near Neighbours delivered four Catalyst courses in East London, West Yorkshire, and in Birmingham, contributing to increased leadership capacity of **88 young people** including people from underrepresented groups. Students reported that they valued the opportunity to “find out about other people’s opinions”; “talk to others about my personal experiences”; “develop the confidence to speak publicly”; “make new friends”; and “learn how to become a successful leader.”

At the end of the course, 80% of students said that they are better prepared to take a more active leadership role in their community. The programme equipped young people of diverse backgrounds (including Filipino, Bangladeshi, Black African, Pakistani, Indian, multi-ethnic, Arab, and white backgrounds including Eastern European) with greater confidence and leadership capacity.

Reflecting on their experience in the Catalyst course, one student shared: “Catalyst has helped build my communication skills. I feel more confident in myself and what I believe in. It has given me hope that change can take place, however many 'baby steps' must happen to do so.” Another participant commented: “I really enjoyed listening and learning about other people's opinions and views, and understanding why they think what they do.” All participants reported that they now have a better understanding of how to influence decisions in their local area. All participants said they would recommend Catalyst to other young people.

3 active Catalyst Alumni projects were supported in 2024:

1. £2k grant award to BEY Catalyst alumni to start the Soul Sanctuary, a youth group for Muslim teenagers that provides space for them to connect and contribute to the community through various initiatives.
2. £3k grant award to Belle Vue Girls School (BDAT) Catalyst alumni to commission two local artists to design a mural for the local sports centre that will represent and celebrate the diverse community.
3. £1k grant award to Oaklands School Catalyst alumni to support their work with a local residential home to start an intergenerational gardening project

Facilitating difficult conversations – Real People Honest Talk:

Enabling discussions where differences can be openly discussed and voices from diverse communities are amplified to policy makers and statutory bodies to identify potential solutions.

In the period January – March 2024 Near Neighbours ran nine Real People Honest Talk (RPHT) small conversations, and one Big Conversation in Leicester, **reaching 59 people**. The three small conversation groups created spaces where local people could raise concerns, have honest conversations, and begin to identify solutions to share with policy makers.

This was quite difficult to achieve in a short time due to the funding arriving so late in the year. However the local relationships our Leicester hub hold made it possible to run a smaller programme.

The first group included men and women from Nigerian, Caribbean, Iranian, and white British backgrounds. This group raised concerns about litter and antisocial behaviour in a local park. While they were initially sceptical about the possibility of change, over the course of the three sessions they realised that there were more people willing to help move towards a solution than they had initially thought. The group facilitator reflected: “Some of them felt 'heard' for the first time. Some realised that they were not the only ones having noticed particular issues.” The concerns and ideas of the group were shared with the local councillor at the Big Conversation.

The second small conversation group included people of Caribbean, South Asian, and white British heritage, most of whom were vulnerably housed or homeless. For this group, the key issues discussed were increasing poverty in the community, a sense of not having anywhere to go to get advice, and concerns about fly tipping. One important outcome for this group of vulnerable individuals was the

experience of being heard in the context of an honest conversation. Through the facilitated process, group members grew in their capacity to listen to each other. A second key outcome was recognition, through conversation with each other, that there are in fact places to get advice but that these need better signposting.

The third group consisted of residents of a local estate who were concerned about the poor condition of the shops on their estate and the resultant anti-social behaviour. Over the course of their three conversations, group members learned from each other more about the history of their estate, the social divisions within it, and what their shared concerns are. As a result of their discussions, they have taken a number of action steps, including arranging a meeting with the local councillor, organising a litter pick around the shops, and planning an event for young people.

The Big Conversation brought together participants of the small conversation groups with local policy makers in order to voice concerns and discuss solutions. Participants in the Big Conversation reflected that they valued “meeting new people and hearing about how I can play a part in improving the area” and “hearing solutions other groups have come up with that we can adapt to our situations.”

Fast Track Grant Programme:

Mobilising grassroots communities to engage in and transform society.

Near Neighbours supports grassroots initiatives that bring people together to foster inclusion and social cohesion. Grants, funded by the Ministry of Housing, Communities and Local Government (Department for Levelling Up, Housing and Communities until July 2024) enable local leaders to break down barriers, tackle inequality, and build long-term relationships within their communities. In £152,718.90 was awarded in 49 small grants, strengthening community relationships and fostering collaborative action.

A single small grant programme can deliver on a number of different themes. 14 grants supported the integration of refugees and migrants, 15 reached isolated/segregated communities, 16 supported vulnerable women, and 16 supported young people and wellbeing. These creative, grassroots projects include community gardening projects, multifaith storytelling sessions, cricket training for women, theatre workshops for asylum seekers, intergenerational singing groups, and many other initiatives.

For the organisations that received grants in 2023/24, project leads reported that:

- **100% feel they are better prepared to respond to future challenges**
- 97% feel they now have more project management and fundraising experience.
- 95% have developed new partnerships with other local organisations.

Example Small Grant Case Study: Threads of Nations, Community Harmony Project CIC, East Lancashire

The Threads of Nations project provided a space for a diverse group of individuals in Blackburn to upskill through sewing classes led by a professional tailor. By listening to the interests of their community, Community Harmony Project CIC were able to develop a programme that engaged individuals from across different faiths and backgrounds. An opportunity to connect and create was central to the project activities and an exhibition space was curated at the end of the course to showcase sewn items and celebrate the achievements of members. Participants commented

on the impact that these new skills would have in their lives beyond the programme, through fixing clothes, sewing gifts and making traditional garments.

1



Asima, a participant involved in the sewing group from Pakistan, shared “I found out about the Threads of Nations through a friend. She said to me that there is a project near the leisure centre, do you want to go and try? So I

said okay I’ll go there and try and now I know all of these people, we’re one group and they text every week. This is a really good thing and I’ll be carrying it on in the future. Can you believe it I can make my own bag now, I could start my own business!”

Asima noted the diversity of the grant supported sewing group and the friends she had made “I would like more of these projects to carry on, because I give information to my whole community, they don't know about these things. I'll follow them now on Instagram and Facebook, because the thing is we should help each other. We should help each other and here no one was bothered about any ethnicity, any religion, we all mixed, and we worked together, and I made friends. My friend she's from Sudan and Gambia. We all here together, we help each other, and we’ve learnt a lot of things. I think it's a great opportunity, and I'm really grateful for this project.”

Example Small Grant Case Study: Young Ambassadors

The Young Ambassadors group at The Good Shepherd Centre provides an opportunity for local young people in Keighley to come together, to share ideas, organise, participate and volunteer. Small grant funding has enabled this diverse group to grow and work together to address specific community needs by listening to ideas, supporting each other and collaborating with local organisations.

¹ Image: Threads of Nations sewing showcase 17.07.24

Young Ambassador Nikola shared “our aim is to help improve the town we live in and support young people in our community. We started as a project in the school for the school, but we have expanded looking at getting involved in projects that are close to our hearts and that our peers will be interested in joining in with. Volunteering has been a big part of what we do as well as fundraising for causes and seeking to make a difference locally here in our community of Keighley. We have excellent connections with schools and local charitable organisations including the Salvation Army, Sparks Local Justice Group, Bernardo’s, Bradford and Leeds Diocesan Youth Services and Police Cadets.”

Nikola added “we’ve approached schools to set up a referral system to help young people lacking confidence or struggling with various issues. We have been in a good position to support peers who have faced bereavement or are looking for an opportunity to grow in confidence. Growing in leadership and confidence have been a big part of my young ambassador’s experience. Voicing opinions in meetings and speaking in front of a large group like today at the Lunch Club was not something I pictured myself doing even a year ago. I’ve gained confidence and experience, and I’ve brought that into other parts of my life.”

The Young Ambassadors project at The Good Shepherd Centre is engaging a diverse group of young people in leadership development and volunteering opportunities. Young Ambassadors noted that the skills they had developed, through grant supported activities, were a key part of confidence building and had been included on applications for next steps into further education or employment.

Places of Welcome Micro Grants:

Growing a network offering a welcome and hospitality to all.

Places of Welcome venues provide safe and hospitable spaces where people can connect, belong and get involved. Through Near Neighbours micro-grants, these venues were able to expand outreach and introduce new initiatives. 42 micro grants of £300-£500 were awarded to Places of Welcome venues to improve accessibility and strengthen community participation.

In 2024, Places of Welcome celebrated 10 years of providing safe, welcoming spaces, growing to 821 locations and reaching 22,167 people with the support of 4,105 volunteers. Strong partnerships with churches, charities, and local services have been key to expanding the network and deepening its impact. Places of Welcome uphold the 5 Ps – Place, People, Presence, Provision, and Participation – ensuring venues remain accessible and community-driven. New venues, including St. Ambrose Barlow Catholic Church in Birmingham, launched community cafés and hubs in response to local needs.

“Inclusivity is at the heart of what we do,” says coordinator Hayley-Charlotte Haughton. “Simple things like fresh fruit on tables or a community library remove barriers and create a welcoming space”.

One project leader reflected: “We extended our opening hours and now offer free lunches, helping to reach some of the most vulnerable people in our community.”

Lancashire Places of Welcome Coordinator Salma Begum

“The highlight for me as the Near Neighbours Places of Welcome Coordinator has been witnessing the profound positive impact these Places of Welcome have had on individuals and communities. Seeing how they've fostered inclusivity and support, addressing inequalities, and

providing essential services like food provision, mental health support, and assistance with addiction, has been truly inspiring.

Moreover, being able to assist in establishing partnerships, facilitating local recognition, and promoting sustainability for these Places of Welcome has been immensely fulfilling. These experiences have reinforced my belief in the power of community and the importance of working together to create positive change.”

A volunteer from Leicester:

“I’ve been volunteering here now for over a year, and I’ve found it to be a really enjoyable experience. I want to give back something here and as I speak Hindi, Gujarati and English I have been able to help a lot of people here with form filling. I work at the local pharmacy now and I’ve scheduled it so I have Monday afternoons, and I can come to the session here because I really love being involved. I never thought I’d really be able to be as helpful as I have been to some of the guests here being able to serve the tea and coffee or help with the language. I feel more confident now and I’ve seen guests grow in confidence since their first session. I think there is something really special here and I will keep volunteering for as long as I can!”

Mandy, a participant from Birmingham:

“I’ve been a carer for nine years for my mum who has dementia and it’s been lovely to see my mum engage with other people and feel comfortable at the cafe. She also helps out a little bit,



with cleaning the tables and things like that, it makes her feel useful. She’s eighty seven now and to see her find that purpose here is so good, it’s a safe place for her to make friendships. Sometimes everyone will sit and sing songs, and she really enjoys that. Mum met a

couple of ladies the other week who didn't know how to knit, so she taught them. It was nice for me to stand back and watch and I could see the joy in my mum as she did that.”

² Image: Volunteers and participants at Place of Welcome, Community Cafe @ St Ambrose Barlow

Places of Welcome venue leads, who were awarded a micro grant and responded to our reflection survey, noted the diversity of the participants they engage with weekly. A Place of Welcome in East Lancashire shared they were engaging with participants from 24 different ethnicities, another venue in Nottingham noted an age range of participants from 19-93. Micro grant awards were used to provide refreshments, including a coffee machine, mugs and large pots and pans to better support activities like cooking demonstrations. Some grant monies were used to purchase advertising materials including flyers, poster and banners promoting the Place of Welcome location and expanding reach. Project leads reflected on how people of diverse backgrounds have been encouraged to share skills and interests at their venues. As an example, a lead in Nottingham noted “we find that word searches help to support people whose first language is not English. We had a lady from Iraq that was supporting others with crocheting. We are also mindful of those who are fasting during Ramadan and encourage people to speak and have conversations about each other’s backgrounds and country of birth. Social prescribers are on site each session and link anyone attending into support.”

Through micro-grant funded Places of Welcome venues, an estimated 210 volunteers are being mobilised to combat social isolation and connect people with other local sources of support. Our West Yorkshire hub noted that Near Neighbours grant support had been a key mechanism by which venues were encouraged to start or extend support in their diverse communities in a very practical and impacting way. The Places of Welcome network continues to grow offering friendship, support, and signposting to services, recognising the impact that building confidence through participation can have for individuals.

Windrush Day grants

In 2024 we were able to award £459,690 to 27 organisations. This scheme is run by MHCLG but administered by the staff of CUF under the auspices of Near Neighbours.

Conclusion

2024 has brought many challenges to our communities, which threaten the long term cohesion of our neighbourhoods. These include the continuing impact of events of October 7th 2023 and the following violence in Israel and Gaza and in Lebanon and Syria, which has greatly affected our communities here, and these tensions continue to be felt. There have also been the 2024 summer disturbances in towns and cities of England against asylum seekers, and migrant communities long settled here. This brings to the fore the ongoing need to build long term relationships of trust between communities of different backgrounds and beliefs. We believe that a strongly resourced Near Neighbours programme, with a MHCLG funding commitment that runs across multiple years, can make a positive impact in some of our most fractured and volatile communities. Short term funding, with significant breaks in funding agreements is not conducive to the grassroots work of building up trust and cohesion. We seek to develop a strategy and develop a stable funding stream to enable us to work more effectively.

FUTURE PLANS

We look forward to the future and believe our work is more needed now, than ever before.

In 2025 Near Neighbours will continue to:

- Look for opportunities to bring people together from different backgrounds and faiths in order to transform local communities together, and to seek investment in our activities. We have held a strategy day in the spring of 2025 and intend to develop this over the next 12 months.
- Support the development and growth of Places of Welcome (www.placesofwelcome.org). Places of Welcome is a growing network of local community groups providing their neighbourhoods with places where all people feel safe to connect, belong and contribute.
- Offer Catalyst courses (leadership programmes for young people 16-21 from diverse backgrounds) – and seek further funding to expand this work
- We intend to look to close Near Neighbours as a separate company and charity and incorporate the work into our parent charity Church Urban Fund, in the next two years, and in the meantime, as we work towards that, to create a programme board to oversee the work of Near Neighbours.

Going Concern

The Trustees have considered the activities, together with the factors likely to affect its future development, performance, and financial position to determine whether Near Neighbours' financial statements can be prepared on a going concern basis. The forecasts and projections, taking account of reasonably possible changes in charity performance show the charity should be able to operate within the level of forecast cash resources.

It is recognised that Near Neighbours benefits from regular and significant funding from MHCLG. At the date of approval of these financial statements there is written confirmation that funding will continue until March 2026. Given that this is less than 12 months from the approval of the accounts, Near Neighbours has received a letter of support from its parent company, Church Urban Fund (CUF), that in the event of funds not materialising CUF will support the activities of Near Neighbours in the short term to ensure that it continues as a going concern. This has been on the basis that activities deemed to be essential to the continuation of the NN network support the overall mission of the CUF group including the retention of key staff working on the NN programme.

DELIVERING PUBLIC BENEFIT

Near Neighbours brings people together in diverse communities, helping them to build relationships and collaborate to improve the local community in which they live. Near Neighbours also financially supports and works with a wide range of community and faith organisations, all of which are working to bring communities together.

The Trustees have reviewed the guidance on public benefit issued by the Charity Commission each year and consider that Near Neighbours' aims and activities, as set out above, fulfil the criteria. The Trustees do not anticipate any future change to this operational approach.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

Near Neighbours is both a company limited by guarantee (Registration Number 07603317) subject to the Companies Act 2006 and a charity registered with the Charity Commission (Charity Number 1142426). It is governed by its Memorandum and Articles of Association dated March 2011.

Governance Structure

The Directors of the company are known as Trustees. The Articles of Association allow for up to thirteen Trustees, six being nominated by the Archbishops' Council and seven by CUF. The Trustees meet four times during the year to review strategy, operational and financial performance in conjunction with the CUF Group Senior Leadership Team (SLT). The Trustees are listed on page 2 of this report.

None of the Trustees receive any remuneration or benefits from Near Neighbours. Expenses reclaimed by the Trustees during the year are set out in note 5 to the Financial Statements.

Trustee Induction and Training

There is an induction programme for all Trustees on appointment, which is being reviewed and strengthened during 2025.

Management and Organisational Structure

The day-to-day management and delivery of the Near Neighbours programme is delegated to the CUF Group Chief Executive and the Senior Leadership Team, namely the Director of Partnerships, Director of Programmes and Innovation, and the Director of Finance and Governance. The Senior Leadership Team (SLT) works closely with other members of CUF's staff team (its ultimate parent company). Formal reporting by the Senior Leadership Team to the Board takes place regularly throughout the year.

Principal Risks

The Trustees have considered the key potential risks facing the Near Neighbours programme and how they are managed which are outlined below:

RISK TYPE	POTENTIAL RISK	MITIGATION
Financial	Failure to secure long-term future funding for the Programme	Diversifying our income streams by pursuing a number of different funders Major grant funders are actively managed by CUF
Operational	Fraud in grants programmes	Strong initial due diligence towards all applicants Constant monitoring of funding and reporting Understanding of legal responsibilities
	Loss of key staff	Wider sharing of responsibilities has ensured all team has insight and understanding
	Extremism	All staff, including hubs, are extremism aware Comprehensive due diligence checks for new applications Strong community relationships to draw on
Relational	Target groups are reluctant or slow to engage	Our local hubs have a trusted local presence and deep networks
Reputational	Reputational risk from adverse publicity	Advice and support available from CUF and through the Church of England Local and national media coverage are monitored on an ongoing basis Robust agreements in place providing clarity on expectations and delivery

Key Management Personnel Remuneration

The Trustees consider that the Board of Trustees, the CUF Group Chief Executive, Deputy Chief Executive, and the Senior Leadership Team, comprise the key management personnel of the charity in charge of directing, controlling, running and operating the charity on a day-to-day basis. All Trustees give their time freely and none of the Trustees received remuneration in the year. Details of expenses reclaimed are set out in note 5 to the Financial Statements and related party transactions are disclosed in note 12 of the accounts.

The salaries of key management are reviewed annually and normally increase in accordance with inflation. In view of the nature of the charity, the Trustees benchmark against pay awards in similar charitable organisations. The Trustees of CUF set the salary of the CUF Group Chief Executive and Deputy as the roles are shared between all CUF charities (parent and subsidiaries).

Small Company Exemption

The company has taken advantage of the small company exemption, as it is within the threshold criteria. The accounts have been prepared in accordance with the special provision contained in the Companies Act.

FINANCIAL REVIEW

Income

Income for the year to 31st December 2024 was £604k (2023: £492k), an increase on the previous year. Income was largely received from the Ministry for Housing, Communities and Local Government (MHCLG), formerly the Department for Levelling Up, Housing and Communities (DLUHC), and from the National Lottery Community Fund, restricted to the Near Neighbours programme.

Expenditure

The total expenditure on the three charitable activities was £642k (2023: £382k). The charitable activities together with their associated expenditure for the period were:

- **Building Networks:** £248k (2023: £146k) this expenditure principally reflects the grants to extend the capacity of the Local Presence and Engagement centres, set out in notes 3 and 6 to the accounts.
- **Creating Engagement:** £230k (2023: £86k) represents the Near Neighbours Small Grants Fund, as set out in note 4 to the accounts.
- **Building Capacity** by these three activities:
 - Young Leaders - £116k (2023: £85k)
 - Public Space (Real People Honest Talk) - £22k (2023: £48k)
 - Places of Welcome - £26k (2023: £7k)
 - Community Membership - £nil (2023: £10k)

This expenditure principally reflects the grants to our partners, set out in notes 3 and 6 to the accounts.

Reserves and Reserves Policy

All reserves are treated as restricted, and any reserves held at the year-end represent funds set aside for future programmes. There was a £228k balance on reserves at 31st December 2024 (2023: £266k).

THE TRUSTEES' RESPONSIBILITY FOR PREPARING ANNUAL FINANCIAL STATEMENTS

The law applicable to charities in England and Wales requires the Trustees to prepare annual financial statements for each financial year that give a true and fair view of the Charity's financial activities during the year and state its surplus or deficit for the year and its financial position at the end of that year. In preparing annual financial statements, the Trustees have followed best practice and:

- Selected suitable accounting policies and applied them consistently
- Made judgments and estimates that are reasonable and prudent
- Followed applicable Accounting Standards and Statements of Recommended Practice
- Prepared the annual financial statements on the going concern basis.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the Charity's assets and for taking reasonable steps to prevent and detect fraud and other irregularities. The Trustees have overall responsibility for ensuring that the Charity has appropriate systems of control, financial and otherwise.

Each of the Trustees at the date of approval of this report confirms that:

- So far as the Trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware and
- The Trustees have taken all the steps that they ought to have taken as Trustees to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

Auditors

A proposal for Forvis Mazars reappointment will be put to the Board in 2025.

Approved by the Trustees on 17th July 2025 and signed on their behalf by:


Jessica Foster (Jul 31, 2025 10:17:03 GMT+1)

The Rev'd Jessica Foster, Chair of Trustees

Independent auditor's report to the members of Near Neighbours

Opinion

We have audited the financial statements of Near Neighbours (the 'charity') for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 December 2024 and of its income and expenditure 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 Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustees' report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information

contained within the trustees' report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Trustees' report which includes the Directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.
- Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of the Trustees

As explained more fully in the Trustees' responsibilities statement on page 18, the Trustees (who are also the Directors of the charitable company for the purposes of company laws) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charity and its activities, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the charity is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006 and the Charities Statement of Recommended Practice.

In addition, we evaluated the Trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to income recognition and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members 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 members as a body for our audit work, for this report, or for the opinions we have formed.


Nicola Wakefield (Jul 31, 2025 14:30:48 GMT+1)

Nicola Wakefield (Senior Statutory Auditor) for and on behalf of Forvis Mazars LLP

Chartered Accountants and Statutory Auditor

2nd Floor, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey, SM1 4FS

Date 31/07/2025

NEAR NEIGHBOURS

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31st December 2024

		Restricted Funds 2024 £'000	Restricted Funds 2023 £'000
	Notes		
INCOME AND EXPENDITURE			
Income from Charitable activities	2	604	492
Total income		604	492
Expenditure on Charitable activities:	3		
Building Networks		248	146
Creating Engagement	4	230	86
Building Capacity			
Young Leaders		116	85
Real People Honest Talk		22	48
Places of Welcome		26	7
Community Membership		0	10
Total expenditure		642	382
Net (expenditure) / income		-38	110
Total funds brought forward		266	156
Total funds carried forward		228	266

The charity has taken advantage of the small companies exemption as it meets the threshold criteria. The accounts have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006 and the Financial Reporting Standard (FRS 102). All activities relate to ongoing operations.

The notes on pages 26 to 30 form part of these financial statements.

NEAR NEIGHBOURS

BALANCE SHEET AS AT 31 DECEMBER 2024

COMPANY NUMBER 07603317

	Notes	2024		2023	
		£'000	£'000	£'000	£'000
CURRENT ASSETS					
Cash at bank		89		76	
Amount due from parent charity		148		199	
			237		275
CURRENT LIABILITIES					
Creditors: Amounts falling due within one year	9	9	9	9	9
NET CURRENT ASSETS			228		266
NET ASSETS			228		266
FUNDS					
Restricted Funds	10		228		266
TOTAL FUNDS			228		266

The charity has taken advantage of the small companies exemption as it meets the threshold criteria. The accounts have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006.

Approved by the Trustees on 17th July 2025 and signed on their behalf by

Rev'd Jessica Foster 
Jessica Foster (Jul 31, 2025 10:17:03 GMT+1)

The notes on pages 26 to 30 form part of these financial statements.

NEAR NEIGHBOURS

STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

	2024		2023	
	£'000	£'000	£'000	£'000
Reconciliation of net movement in funds to net cash flows from operating activities				
Net (expenditure) / income for the reporting period (as per statement of financial activities)		-38		110
Adjustments for:				
Decrease / (Increase) in debtors	51		-76	
(Decrease) in creditors	0		-2	
		51		-78
Net cash provided by operating activities		13		32
Change in cash and cash equivalents in the reporting period		13		32
Cash and cash equivalents at the start of the reporting period		76		44
Cash and cash equivalents at the end of the reporting period		89		76

The notes on pages 26 to 30 form part of these financial statements.

NEAR NEIGHBOURS

Notes to the Financial Statements for the year ended 31 December 2024

1. Accounting Policies

a. Basis of accounting

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The 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) approved on 2 October 2019 (effective 1 January 2019) and the Companies Act 2006. The charity constitutes a public benefit entity as defined by FRS102.

The Trustees have considered the activities, together with the factors likely to affect its future development, performance and financial position to determine whether Near Neighbours financial statements can be prepared on a going concern basis. The forecasts and projections, taking account of reasonably possible changes in charity performance, show the charity should be able to operate within the level of forecast cash resources.

It is recognised that Near Neighbours has benefited from regular and significant funding from MHCLG. At the date of approval of these financial statements there is written confirmation that funding will continue until March 2026. Given that this is less than 12 months from the approval of the accounts, Near Neighbours has received a letter of support from its parent company, Church Urban Fund (CUF), that in the event of funds not materialising CUF will support the activities of Near Neighbours in the short term to ensure that it continues as a going concern. This has been on the basis that activities deemed to be essential to the continuation of the NN network support the overall mission of the CUF group including the retention of key staff working on the NN programme.

b. Income recognition

Church Urban Fund receives funds from the Ministry of Housing, Communities and Local Government (MHCLG) which is then passed to Near Neighbours and used to administer the programme in accordance with the agreement between Church Urban Fund and Near Neighbours.

c. Support costs

Support costs comprise of costs relating to statutory audit and legal fees together with an apportionment of general overheads. Support costs relating to charitable activities have been apportioned based on staff time spent on each activity as analysed in note 8.

In addition to the costs incurred directly in the course of each charitable activity, Near Neighbours also incurs support costs that are necessary to enable it to carry out its activities. These costs are apportioned to activities based on the time spent on each.

d. Charitable activities

The costs of charitable activities include grants made, governance costs, and an apportionment of support costs as shown in note 3.

e. Grants

Delivery Partners submit quarterly returns against budget before they are paid future funding, as unspent amounts in one year would result in a reduction of grant in the next. The grants are charged to the Statement of Financial Activities once funds have been transferred to the recipient's account. Payments are made on behalf of Partners where there is an absence of an operational bank account due to a delay in the setting up of the account.

The grant to Church Urban Fund to administer and make awards under the Small Grants Programme is charged to the Statement of Financial Activities once the funds have been committed.

f. Pensions costs

The charity operates a defined contribution pension scheme, Church Urban Fund Pension Plan with Legal and General. The pension charge represents the amount payable by the charity to the scheme in respect of the year to which they relate and are included within staff costs (note 5).

g. Fund accounting

Restricted funds are funds subject to the specific restrictive conditions imposed by donors.

2. Income from Charitable activities

	2024 £'000	2023 £'000
Income from Charitable Activities - MHCLG via Church Urban Fund	515	415
Income from Charitable Activities		
Other Income	89	77
	604	492

Income from Charitable Activities - MHCLG via Church Urban Fund represents the grant from the Ministry of Housing, Communities and Local Government (MHCLG) to Church Urban Fund in respect of the Near Neighbours Programme. The grant is passed to Near Neighbours who administers the overall programme based on the agreement between Church Urban Fund and Near Neighbours. Near Neighbours then makes a grant to Church Urban Fund to administer and make awards under the Small Grants Programme - 'Creating Engagement'. In addition, Near Neighbours reimburses CUF for other programme and shared central costs as per the agreement.

Income from Charitable Activities - Other Income represents funding for other programmes run by Near Neighbours. This includes £89k from The National Lottery Community Fund.

3. Expenditure on Charitable activities

	Staff Costs	Grants	Other Direct Costs	Support and governance costs	2024 Total	2023 Total
	£'000 (note 5)	£'000 (note 6)	£'000 (note 7)	£'000 (note 8)	£'000	£'000
Charitable Activities						
Building Networks: Local Presence and Engagement Centres	33	195	8	12	248	146
Creating Engagement: Small Grants (note 4)	36	176	5	13	230	86
Building Capacity						
Young Leaders	51	37	10	18	116	85
Public Space	13	3	1	5	22	48
Places of Welcome	6	17	1	2	26	7
Community Membership	0	0	0	0	0	10
Total expenditure	139	428	25	50	642	382

Support costs have been allocated to activities in proportion to staff time incurred in each activity area.
Total expenditure includes audit fees for the year of £15k (Statutory audit £9k and MHCLG grant audit £6k).
Total for 2023 was £14k (Statutory audit £8k and MHCLG grant audit £6k).

4. Creating Engagement: Small Grants

	2024 £'000	2023 £'000
Small Grants awarded	180	5
Less writebacks of awards	-4	-1
Net grants awarded	<u>176</u>	<u>4</u>
Other costs (incl. Salaries, travel, evaluation)	54	82
Total Costs	<u>230</u>	<u>86</u>

Writebacks of awards represent grants awarded which have been wholly or partly unclaimed.

5. Staff Costs

Staff Costs allocated by Church Urban Fund and reimbursed by Near Neighbours

	2024 £'000	2023 £'000
Salaries	111	133
Social Security	11	14
Pensions	17	17
	<u>139</u>	<u>164</u>

Near Neighbours had 0 full time members of staff (2023: 0).

No staff emoluments for the year exceeded £60k (2023: 0).

The key management personnel of the charity is comprised of the Trustees, the Group Chief Executive, the Deputy Group Chief Executive, the Director of Partnerships, the Director of Programmes and Innovation, and the Director of Finance and Governance.
Key management personnel were remunerated £53k (2023: £57k).

None of the Trustees received any benefits from employment with the charity in the year (2023: nil)

Expenses incurred in attending meetings and on other business of Near Neighbours were reimbursed to Trustees as follows:

	2024 No.	£'000	2023 No.	£'000
Travel, subsistence and other expenses	1	0	1	0

6. Grants

	2024 £'000	2023 £'000
Building Networks: Local Presence and Engagement Centres		
Wellsprings Together, Bradford, Leeds & Dewsbury	28	14
Centre for Theology and Community, London	40	14
Thrive Together Birmingham	40	14
St Philip's Centre, Leicester	27	6
Transforming Notts Together, Nottingham	16	0
Building Bridges Burnley	7	2
Grassroots, Luton	37	14
	<u>195</u>	<u>64</u>

Building Capacity: Young Leaders

Catalyst Programme

37	13
37	13

Building Capacity: Places of Welcome

Places of Welcome

17	0
17	0

Building Capacity: Public Space

Real People Honest Talk

Leadership Training

Leadership for Effective Change

1	12
0	3
2	6
3	21

Creating Engagement: Small Grants (note 4)

176	4
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Community Membership

0	10
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Total Grants

428	112
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7. Other Direct Costs

	2024	2023
	£'000	£'000
Evaluation	11	38
Communications and Development	14	22
	25	60

8. Support costs

	2024	2023
	£'000	£'000
Audit	15	14
Office costs	1	4
Travel and Subsistence, Recruitment	4	5
Contribution to Church Urban Fund operating costs	30	23
	50	46

9. Creditors (amounts falling due within one year)

	2024	2023
	£'000	£'000
Accruals	9	8
Other Creditors	0	1
	9	9

10. Restricted Funds	Balance at 1/1/24 £'000	Income £'000	Expenditure £'000	Transfer between funds £'000	Balance at 31/12/24 £'000
Near Neighbours Programme	181	515	551	0	145
Catalyst Programme	85	89	91	0	83
	266	604	642	0	228

The Near Neighbours Programme is primarily funded by MHCLG and covers the core programmes and costs of Near Neighbours. The Catalyst Programme funds are to run the Catalyst Young People's Leadership Courses.

11. Ultimate Parent Company

The ultimate parent charity is Church Urban Fund, a company and charity registered in England. Copies of the group accounts can be obtained from Church Urban Fund, The Foundry, 17 Oval Way, London SE11 5RR.

12. Related Party Transactions

During the year, Near Neighbours entered into the following transactions with its parent company CUF:

CUF received the full amount of grant from MHCLG of £515k (2023: £415k) and passed this over to Near Neighbours to deliver the programme.

Near Neighbours paid CUF a grant of £176k (2023: £4k) to administer the Small Grants programme.

Near Neighbours made a contribution of £169k (2023: £187k) to CUF for the administration of the overall programme.

At the year end, there was £148k (2023: £199k) intercompany balance owed by CUF.

Sue Chalkley OBE and Catherine Allison were both Trustees of Near Neighbours and Church Urban Fund.

Sue Chalkley OBE resigned as Trustee of Near Neighbours on 10th February 2025.

NEAR NEIGHBOURS

England & Wales - Charity number 1142426

Accounts



**TRUSTEES' REPORT
AND FINANCIAL STATEMENTS**

For the year ended 31 December 2023

Company Number: 07603317
Charity Number: 1142426

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TRUSTEES, OFFICERS AND ADVISERS

Chair

Ms. Sue Chalkley OBE

Trustees

Revd Catherine Allison

Revd Canon Dr Malcolm Brown

Revd Jessica Foster

The Very Revd Rogers Govender

Katie Hodgkinson

Revd Dr Richard Sudworth

Faith Advisory Panel

Imam Qari Asim

Dan Bacall

Darcy Biddulph

Muna Chauhan

Sanjay Jagatia

Rabbi Nicky Liss

Manchandran Kaur Sandhu

Navdeep Singh

Revd Dr Richard Sudworth

Sarwat Tasneem to February 2024

Principal Officers

Rob Wickham

Group CEO from 10.07.2023

Adam Edwards, Group Deputy CEO

(Acting Group CEO from 01.01.2023 to 10.07.2023)

Elizabeth Carnelley Director of Partnerships

Sarah Wallace BEM Director of Programmes and Innovation

Vinyo Aidam Director of Finance and Governance

Advisers

Bank –

National Westminster Bank Plc

Victoria (B) Branch

PO Box 1357

169 Victoria Street

London SW1E 5NA

Auditors –

Forvis Mazars LLP

6 Sutton Plaza

Sutton Court Road

Sutton

Surrey SM1 4FS

Solicitors –

Legal advice is provided by:

Anthony Collins Solicitors LLP

134 Edmund Street

Birmingham B3 2ES

Registered office

NEAR NEIGHBOURS

The Foundry, 17 Oval Way, London SE11 5RR

A company limited by guarantee.

Registered number 7603317

Registered Charity number 1142426

INTRODUCTION FROM CHAIR OF THE TRUSTEES

In 2023, we continued our work to foster strong resilient networks of faith-based and secular community organisations, build trust between local community and public bodies, and promote increased cohesion and civic engagement. We spent time investing in interfaith networks, mobilising local leaders, and promoting social cohesion.

The gap between DLUHC contracts created some very significant challenges in the continuity of Near Neighbours' work. In some hub areas, coordinators needed to devote additional time to rebuilding connections, explaining the delay in the grants application timeline, and re-engaging with local and regional decision-making bodies. Despite condensed planning and implementation timelines, the Near Neighbours national and regional teams have successfully delivered key programme activities and achieved positive outcomes in communities.

A further challenge to Near Neighbours' work over the last period especially the final quarter of 2023 has been the conflict in the Middle East, which has significantly impacted relationships between individuals and communities in the areas where we work. Global events like this impact community dynamics locally.

We also continue to observe that the cost of living is placing a significant burden on more vulnerable households and that community organisations are grappling with how best to support people with limited resources.

Government funding ended in April 2023. In July 2023 the government provided an indication of future funding and we were able to restart our core work with seven of our local hubs in September 2023. However as the funding did not arrive until December 2023 this meant that the delivery of our programme was extremely condensed.

It is a testimony to the rootedness of Near Neighbours in diverse, local communities that during these ongoing uncertainties and anxieties, the Near Neighbours programme continued to offer support and strengthen communities.

The CUF team successfully administered the government's Windrush Day grants scheme again, which we have done since it began in 2019 (with Near Neighbours branding). The Windrush Day Grant Scheme is an initiative to commemorate and celebrate the contributions of the Windrush generation and their descendants in the United Kingdom. In 2023, it marked the 75th anniversary of the arrival of the MV Empire Windrush in the UK. The scheme offers grant funding for impactful projects that educate people about the Windrush story and foster pride in the contributions made by UK Caribbean communities.

On behalf of the Trustees, I would like to thank the team who have worked so hard in such challenging circumstances to deliver a positive year for Near Neighbours. Thank you too to our Faith Advisory Panel, which continues to provide added accountability to our organisation that serves communities across faiths and beliefs.

Sue Chalkley OBE, Chair of Trustees

REPORT OF THE TRUSTEES FOR THE YEAR TO 31 DECEMBER 2023

The Trustees present the Annual Report and Financial Statements of the charity for the year ended 31 December 2023. The Financial Statements have been prepared in accordance with the accounting policies set out in Note 1 to the Financial Statements and comply with the Memorandum and Articles of Association, the Companies Act 2006 and Charities Act 2011, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their Financial Statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland effective 1st January 2019.

OBJECTIVES AND ACTIVITIES

Near Neighbours (NN) was created by the Church Urban Fund (CUF) and the Archbishops' Council of the Church of England following the award of £5m by the Department for Levelling Up, Housing and Communities (formerly MHCLG - Ministry of Housing, Communities and Local Government) in March 2011. Since then, further grants have been received; however, there is no confirmation currently that there will be further funding from the government (April 2024 onwards) except for the Windrush grant programme. NN has a small amount of trust funding and National Lottery funding for our Catalyst young leaders programme.

The Near Neighbours programme works to bring people together in communities that are religiously and ethnically diverse, so that they can get to know each other better, build relationships of trust and collaborate on initiatives that improve the local community they live in.

The charity aims to strengthen personal relationships and at the same time strengthen civil society, to create a more cohesive society where people live together respecting the differences they have with others and building a flourishing life together.

The programme has operated in the last year in Birmingham, Leicester, Luton, Nottingham, West London, West Yorkshire, and Lancashire.

Our main objectives:

- **Social Interaction** – by building personal relationships of trust, so that people understand each other better. We work with people of all faiths and none, with the aim to develop positive relationships that provide a foundation for people to work together.
- **Social Action** – by building up civil society across divides of faith and ethnicity. We provide the opportunity for people to come together and work on creating positive change in their neighbourhood.

There are currently four main strands to the Near Neighbours work:

- **Near Neighbours Hubs and Partners:** Building diverse and resilient relational networks amongst faith and community groups across different faiths and ethnic backgrounds, and equipping leaders for effective collaboration and community engagement, including women and young people of all backgrounds.
- **Near Neighbours Small Grants:** Bringing people together to develop, lead and participate in local projects that involve people of different faiths and ethnicities to improve communities through the provision of grants of between £250 and £4,000.

- **Catalyst:** A leadership programme that equips young people from diverse backgrounds by building their skills and capacities to be leaders and influencers in a multi-ethnic and multi-faith society.
- **Real People, Honest Talk:** Creating safe spaces to address difficult local issues, through facilitated community-based conversations.

We also support the work of **Places of Welcome**, building a network of local centres where people find support and a warm welcome, and can contribute and participate.

REVIEW OF 2023

During 2023 we were only able to give out 3 small grants (34 small grants worth £110k in 2022) in the Spring of 2023 due to a gap in funding from April – and not receiving further funding from DLUHC until late December 2023. Of these three grants, two projects focused on supporting vulnerable young people and one focused on bringing communities together. In Luton, a diverse group of Catalyst alumni applied for and were granted an award to pursue further training in mental health in order to better support their peers. In East London, a group of young people who were part of a Catalyst programme successfully applied to develop a wellbeing space in their school and create a podcast series on culture and diversity.

Despite the funding gap we mobilised 400 volunteers; created 128 partnerships between faith groups, voluntary groups and statutory organisations; equipped 2403 local leaders through training, events and seminars; held four Catalyst young leaders programmes for 67 young people; and opened 161 new Places of Welcome, so that by the end of December 2023 there were more than 700 Places of Welcome open every week in local communities where people can belong, connect and contribute.

The gap between DLUHC grant funding created some significant challenges in the continuity of Near Neighbours' work. In some hub areas, coordinators needed to devote additional time to rebuilding connections, explaining the delay in the grants application timeline, and re-engaging with local and regional decision-making bodies.

A further challenge to Near Neighbours' work over the last quarter has been the conflict in the Middle East, which has significantly impacted relationships between individuals and communities in the areas where we work. Hub coordinators have supported each other during this time, sharing insights on how they are navigating these challenges among their partners and projects.

Near Neighbours has received national recognition for the quality of its work, and our experienced coordinators have been consulted on matters of faith and cohesion. Samra Kanwal, coordinator for Nottingham, was invited to speak with King Charles at Buckingham Palace about the challenges facing women of faith. Kaneez Khan MBE, coordinator for West Yorkshire, was invited to a reception at Lambeth Palace for selected faith leaders and had the opportunity to share with King Charles the importance of involving women of faith in peace and reconciliation efforts.

As a result of Near Neighbour's investment in local leaders, more community and faith leaders have had skills increased to support their communities. Marzena, East London coordinator, shared the following story of a woman who has benefitted from Near Neighbours' leadership training in East London:

Mary (not her real name) is a leader from a church in Waltham Forest. She is originally from the Philippines and works as a carer. She first came into contact with NN through the Real People Honest Talk programme

in 2019. She was an active member of the church at that time but lacked confidence to take on a leadership role. She supported local leaders in the 'hot chocolate and chat' project which was developed as a result of RPHT conversations to bring together people from different ethnicities and generations. Mary's church nominated her to take part in leadership training organised by CTC for churches in East London. As a result, she grew in confidence and felt more equipped to set up a community hub which is attached to the church. With the support from the church warden, she secured funding to renovate the hall and built a relationship with a cafe to open a food pantry and start a warm space in winter months. With our support she is now planning to apply for NN funding to organise support sessions for asylum seekers. NN has provided training and mentoring for Mary and continues to support her growth as a community and faith leader. Through engagement with NN and CTC, Mary has grown in her confidence to take on a leadership role, build relationships with people within the church and also with neighbouring organisations and institutions. She is now managing a group of volunteers and developing new leaders, including vulnerable women from low paid jobs and asylum seeking families.

In Birmingham, our coordinator Rabiya connected several grassroots organisations who have recently started supporting refugees and asylum seekers to Birmingham City Council. Despite doing good work at the local level, these grassroots organisations, including Travellers' Tree CIC, Chinese Community Centre, Moseley Hive, and newly formed groups such as the Afghan Association, were struggling to access resettlement scheme funding from the Local Authority. Near Neighbours built connections between these grassroots groups and Birmingham City Council, helped them apply to become preferred suppliers, and connected them with the wider refugee network and migration team. These new connections will help the Local Authorities distribute money to groups who have strong relationships with new arrivals from Afghanistan, Ukraine, and Hong Kong, and increase the capacity of grassroots organisations to meet changing needs.

Our **Leadership for Effective Change** programme has continued to have been one of the primary means through which we have increased the leadership capacity of people from a range of backgrounds.

Near Neighbours delivered Leadership for Effective Change in East London, Lancashire, and Birmingham, reaching 39 participants. The hub coordinators strategised together around programme recruitment, programme content, and how to best support participants during and after the programme. The course, delivered over six sessions, equipped participants in the storytelling, building relational power through 1-2-1 meetings, developing effective campaigns and taking public action, understanding how change happens, collective leadership, and negotiating with people in power.

According to survey responses:

- 97% of participants had a conversation with someone of a different faith or ethnicity, who they didn't already know;
- 84% said they learned something new about a culture or religion different to their own;
- 94% said the training boosted their confidence that they can make a difference in their community.

We were able to run three Catalyst young leaders courses. One programme was in Bradford: for participants in the Bradford cohort, highlights of the course included "making new friends", "learning about perspectives and opinions on topics I never knew about", "building up my public speaking", and having "a lot of different conversations with people from the other school who had different backgrounds,

cultures and ethnicities.” We have been awarded some Lottery funding to continue and develop the programme 2024 - 2025.

In the spring of 2023 Near Neighbours hosted 24 Real People Honest Talk (RPHT) conversations through our Birmingham and West Yorkshire hubs. The conversations provided spaces for people of diverse backgrounds to open discuss challenging issues. This year we had a focus on young people. The small conversations engaged 151 people, including 77 girls and women. Including the two Big Conversations, RPHT engaged 587 people, including 292 girls/women. At the Big Conversation in Birmingham, Near Neighbours invited Positive Youth Foundation, who have followed up with participating youth to contribute to the violence reduction agenda with the West Midlands Police. Participants in the local conversations were diverse – a mixture of white British, Indian, Pakistani, Muslim (67%), Christian (11%), and non-religious (21%) people. Young people who took part reported that they learned a lot about mental health, the importance of sharing and listening to each other’s stories, and how to access support. In Kirklees West Yorkshire the young people engaged with the police and with the Deputy Mayor responsible for crime and police. They discussed anti-social behaviour, bullying and mental health.

Real People Honest Talk was evaluated by Clear View Research who attended both Big Conversations.

In 2023 we published evaluation reports: an impact study of Real People Honest Talk undertaken by Clear View Research; and an evaluation by Common Vision, who both reported in the summer of 2023. These showed the resilience and trust being built in local communities by our work. The reports are available on our website.

Finally, we have continued to identify opportunities for greater integration and focus so that, over time, the members of the CUF group (of which Near Neighbours is part) can deliver more impact and value for money through closer alignment. CUF has recommissioned a governance review across the CUF group.

FUTURE PLANS

We look forward to the future and believe our work is more needed now, than ever before.

In 2024 Near Neighbours will continue to:

- Look for opportunities to bring people together from different backgrounds and faiths in order to transform local communities together, and to seek investment in our activities. We have commissioned a fundraising review in 2024 to identify future funding sources.
- Run online seminars and provide resources on our website for our online growing Near Neighbours network.
- Support the development and growth of Places of Welcome (www.placesofwelcome.org). Places of Welcome is a growing network of local community groups providing their neighbourhoods with places where all people feel safe to connect, belong and contribute.
- Offer Catalyst courses (leadership programmes for young people 16-21 from diverse backgrounds) – and seek further funding to expand this work

Going Concern

The Trustees have considered the activities, together with the factors likely to affect its future development, performance, and financial position to determine whether Near Neighbours' financial statements can be prepared on a going concern basis. The forecasts and projections, taking account of reasonably possible changes in charity performance show the charity should be able to operate within the level of forecast cash resources.

It is recognised that Near Neighbours benefits from regular and significant funding from DLUHC. At the date of approval of these financial statements there is no written confirmation that funding may continue in the future. In light of this matter, Near Neighbours has received a letter of support from its parent company, Church Urban Fund (CUF), that in the event of funds not materialising CUF will support the activities of Near Neighbours in the short term to ensure that it continues as a going concern. This has been on the basis that activities deemed to be essential to the continuation of the NN network support the overall mission of the CUF group including the retention of key staff working on the NN programme.

DELIVERING PUBLIC BENEFIT

Near Neighbours brings people together in diverse communities, helping them to build relationships and collaborate to improve the local community in which they live. Near Neighbours also financially supports and works with a wide range of community and faith organisations, all of which are working to bring communities together.

The Trustees have reviewed the guidance on public benefit issued by the Charity Commission each year and consider that Near Neighbours' aims and activities, as set out above, fulfil the criteria. The Trustees do not anticipate any future change to this operational approach.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

Near Neighbours is both a company limited by guarantee (Registration Number 07603317) subject to the Companies Act 2006 and a charity registered with the Charity Commission (Charity Number 1142426). It is governed by its Memorandum and Articles of Association dated March 2011.

Governance Structure

The Directors of the company are known as Trustees. The Articles of Association allow for up to thirteen Trustees, six being nominated by the Archbishops' Council and seven by CUF. The Trustees meet four times during the year to review strategy, operational and financial performance in conjunction with the CUF Group Senior Leadership Team (SLT). The Trustees are listed on page 2 of this report.

None of the Trustees receive any remuneration or benefits from Near Neighbours. Expenses reclaimed by the Trustees during the year are set out in note 5 to the Financial Statements.

Trustee Induction and Training

There is an induction programme for all Trustees on appointment, which is being reviewed and strengthened over 2024.

Management and Organisational Structure

The day-to-day management and delivery of the Near Neighbours programme is delegated to the CUF Group Chief Executive and the Senior Leadership Team, namely the Director of Partnerships, Director of Programmes and Innovation, and the Director of Finance and Governance. The Senior Leadership Team (SLT) works closely with other members of CUF's staff team (its ultimate parent company). Formal reporting by the Senior Leadership Team to the Board takes place regularly throughout the year.

Principal Risks

The Trustees have considered the key potential risks facing the Near Neighbours programme and how they are managed which are outlined below:

RISK TYPE	POTENTIAL RISK	MITIGATION
Financial	Failure to secure long-term future funding for the Programme	Diversifying our income streams by pursuing a number of different funders Major grant funders are actively managed by CUF
Operational	Fraud in grants programmes	Strong initial due diligence towards all applicants Constant monitoring of funding and reporting Understanding of legal responsibilities

	Loss of key staff	Wider sharing of responsibilities has ensured all team has insight and understanding
	Extremism	All staff including hubs are extremism aware Comprehensive due diligence checks for new applications Strong community relationships to draw on
Relational	Target groups are reluctant or slow to engage	Our local hubs have a trusted local presence and deep networks
Reputational	Reputational risk from adverse publicity	Advice and support available from CUF and through the Church of England Local and national media coverage are monitored on an ongoing basis Robust agreements in place providing clarity on expectations and delivery

Key Management Personnel Remuneration

The Trustees consider that the Board of Trustees, the CUF Group Chief Executive, Deputy Chief Executive, and the Senior Leadership Team, comprise the key management personnel of the charity in charge of directing, controlling, running and operating the charity on a day-to-day basis. All Trustees give their time freely and none of the Trustees received remuneration in the year. Details of expenses reclaimed are set out in note 5 to the Financial Statements and related party transactions are disclosed in note 12 of the accounts.

The salaries of key management are reviewed annually and normally increased in accordance with inflation. In view of the nature of the charity, the Trustees benchmark against pay awards in similar charitable organisations. The Trustees of CUF set the salary of the CUF Group Chief Executive and Deputy as the roles are shared between all CUF charities (parent and subsidiaries).

Small Company Exemption

The company has taken advantage of the small company exemption, as it is within the threshold criteria. The accounts have been prepared in accordance with the special provision contained in the Companies Act.

FINANCIAL REVIEW

Income

Income for the year to 31st December 2023 was £492k (2022: £526k), a slight decrease from the previous year. Income was largely received from Department for Levelling Up, Housing and Communities (DLUHC), as well as two trusts and the National Lottery Community Fund, restricted to the Near Neighbours programme.

Expenditure

The total expenditure on the three charitable activities was £382k (2022: £520k). The charitable activities together with their associated expenditure for the period were:

- **Building Networks:** £146k (2022: £244k) this expenditure principally reflects the grants to extend the capacity of the Local Presence and Engagement centres, set out in notes 3 and 6 to the accounts.
- **Building Capacity** by these three activities:
 - Young Leaders - £85k (2022: £56k)
 - Real People Honest Talk - £48k (2022: £34k)
 - Places of Welcome - £7k (2022: £6k)
 - Community Membership - £10k (2022: £nil)

This expenditure principally reflects the grants to our partners, set out in notes 3 and 6 to the accounts.

- **Creating Engagement:** £86k (2022: £180k) represents the Near Neighbours Small Grants Fund, as set out in note 4 to the accounts.

Reserves and Reserves Policy

All reserves are treated as restricted and any reserves held at the year-end represent funds set aside for future programmes. There was a £266k balance in reserves at 31st December 2023 (2022: £156k).

THE TRUSTEES' RESPONSIBILITY FOR PREPARING ANNUAL FINANCIAL STATEMENTS

The law applicable to charities in England and Wales requires the Trustees to prepare annual financial statements for each financial year that give a true and fair view of the Charity's financial activities during the year and state its surplus or deficit for the year and its financial position at the end of that year. In preparing annual financial statements, the Trustees have followed best practice and:

- Selected suitable accounting policies and applied them consistently
- Made judgments and estimates that are reasonable and prudent
- Followed applicable Accounting Standards and Statements of Recommended Practice
- Prepared the annual financial statements on the going concern basis.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the Charity's assets and for taking reasonable steps to prevent and detect fraud and other irregularities. The Trustees have overall responsibility for ensuring that the Charity has appropriate systems of control, financial and otherwise.

Each of the Trustees at the date of approval of this report confirms that:

- So far as the Trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware and
- The Trustees have taken all the steps that they ought to have taken as Trustees to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

Auditors

A proposal for Forvis Mazars reappointment will be put to the Board in 2024.

Approved by the Trustees on 17th July 2024 and signed on their behalf by:



Sue Chalkley OBE, Chair of Trustees

Independent auditor's report to the members of Near Neighbours

Opinion

We have audited the financial statements of Near Neighbours (the 'charity') for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 December 2023 and of its income and expenditure 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 Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustees' report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the trustees' report. Our opinion on the financial statements does not cover the other

information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Trustees' report which includes the Directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.
- Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of the Trustees

As explained more fully in the Trustees' responsibilities statement on page 12, the Trustees (who are also the Directors of the charitable company for the purposes of company laws) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for

such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charity and its activities, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the charity is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006 and the Charities Statement of Recommended Practice.

In addition, we evaluated the Trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and

determined that the principal risks related to income recognition and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

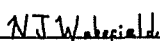
- Making enquiries of the Trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members 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 members as a body for our audit work, for this report, or for the opinions we have formed.


Nicola Wakefield (Aug 7, 2024 20:11 GMT+1)

Nicola Wakefield (Senior Statutory Auditor) for and on behalf of Forvis Mazars LLP

Chartered Accountants and Statutory Auditor

2nd Floor, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey, SM1 4FS

Date 07-Aug-2024

NEAR NEIGHBOURS

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31st December 2023

		Restricted Funds 2023	Restricted Funds 2022
	Notes	£'000	£'000
INCOME & EXPENDITURE			
Income from Charitable activities	2	492	526
Total Income		492	526
Expenditure on Charitable activities:	3		
Building Networks		146	244
Creating Engagement	4	86	180
Building Capacity			
Young Leaders		85	56
Real People Honest Talk		48	34
Places of Welcome		7	6
Community Membership		10	0
Total expenditure		382	520
Net Income		110	6
Total Funds brought forward		156	150
Total Funds carried forward		266	156

The charity has taken advantage of the small companies exemption as it meets the threshold criteria. The accounts have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006 and the Financial Reporting Standard (FRS 102). All activities relate to ongoing operations.

The notes on pages 20 to 24 form part of these financial statements.

NEAR NEIGHBOURS

BALANCE SHEET AS AT 31 DECEMBER 2023

COMPANY NUMBER 07603317

	Notes	2023		2022	
		£'000	£'000	£'000	£'000
CURRENT ASSETS					
Cash at bank		76		44	
Amount due from parent charity		199		123	
			275		167
CURRENT LIABILITIES					
Creditors: Amounts falling due within one year	9	9	9	11	11
NET CURRENT ASSETS			266		156
NET ASSETS			266		156
FUNDS					
Restricted Funds	10		266		156
TOTAL FUNDS			266		156

The charity has taken advantage of the small companies exemption as it meets the threshold criteria. The accounts have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006.

Approved by the Trustees on 17th July 2024 and signed on their behalf by

Sue Chalkley OBE 

The notes on pages 20 to 24 form part of these financial statements.

NEAR NEIGHBOURS

STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	2023		2022	
	£'000	£'000	£'000	£'000
Reconciliation of net movement in funds to net cash flows from operating activities				
Net Income for the reporting period (as per statement of financial activities)		110		6
Adjustments for:				
(Increase) in debtors	-76		-30	
(Decrease) / Increase in creditors	-2		3	
		-78		-27
Net cash provided by / (used in) operating activities		32		-21
Change in cash and cash equivalents in the reporting period		32		-21
Cash and cash equivalents at the start of the reporting period		44		65
Cash and cash equivalents at the end of the reporting period		76		44

The notes on pages 20 to 24 form part of these financial statements.

NEAR NEIGHBOURS

Notes to the Financial Statements for the year ended 31 December 2023

1. Accounting Policies

a. Basis of accounting

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes(s) to these accounts.

The 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) approved on 2 October 2019 (effective 1 January 2019) and the Companies Act 2006. The charity constitutes a public benefit entity as defined by FRS102.

The Trustees have considered the activities, together with the factors likely to affect its future development, performance and financial position to determine whether Near Neighbours financial statements can be prepared on a going concern basis. The forecasts and projections, taking account of reasonably possible changes in charity performance, show the charity should be able to operate within the level of forecast cash resources.

It is recognised that Near Neighbours has benefited from regular and significant funding from DLUHC. At the date of approval of these financial statements there is no written confirmation that funding may continue in the future. In light of this matter, Near Neighbours has received a letter of support from its parent company, Church Urban Fund (CUF), that in the event of funds not materialising CUF will support the activities of Near Neighbours in the short term to ensure that it continues as a going concern. This has been on the basis that activities deemed to be essential to the continuation of the NN network support the overall mission of the CUF group including the retention of key staff working on the NN programme.

b. Income recognition

Church Urban Fund receives funds from the Department for Levelling Up, Housing and Communities (DLUHC) which is then passed to Near Neighbours and used to administer the programme in accordance with the agreement between Church Urban Fund and Near Neighbours.

c. Support costs

Support costs comprise of costs relating to statutory audit and legal fees together with an apportionment of general overheads. Support costs relating to charitable activities have been apportioned based on staff time spent on each activity as analysed in note 8.

In addition to the costs incurred directly in the course of each charitable activity, Near Neighbours also incurs support costs that are necessary to enable it to carry out its activities. These costs are apportioned to activities based on the time spent on each.

d. Charitable activities

The costs of charitable activities include grants made, governance costs and an apportionment of support costs as shown in note 3.

e. Grants

Delivery Partners submit quarterly returns against budget before they are paid future funding as unspent amounts in one year would result in a reduction of grant in the next. The grants are charged to the Statement of Financial Activities once funds have been transferred to the recipient's account. Payments are made on behalf of Partners where there is an absence of a operational bank account due to a delay in the setting up of the account.

The grant to Church Urban Fund to administer and make awards under the Small Grants Programme is charged to the Statement of Financial Activities once the funds have been committed.

f. Pensions costs

The charity operates a defined contribution pension scheme, Church Urban Fund Pension Plan with Legal and General. The pension charge represents the amount payable by the charity to the scheme in respect of the year to which they relate and are included within staff costs (note 5).

g. Fund accounting

Restricted funds are funds subject to the specific restrictive conditions imposed by donors.

2. Income from Charitable activities

	2023 £'000	2022 £'000
Income from Charitable Activities - DLUHC via Church Urban Fund	415	500
Income from Charitable Activities		
Other Income	77	26
	<u>492</u>	<u>526</u>

Income from Charitable Activities - DLUHC via Church Urban Fund represents the grant from the Department for Levelling Up, Housing and Communities (DLUHC) to Church Urban Fund in respect of the Near Neighbours Programme. The grant is passed to Near Neighbours who administers the overall programme based on the agreement between Church Urban Fund and Near Neighbours. Near Neighbours then makes a grant to Church Urban Fund to administer and make awards under the Small Grants Programme - 'Creating Engagement'.

In addition, Near Neighbours reimburses CUF for other programme and shared central costs as per the agreement.

Income from Charitable Activities - Other Income represents funding for other programmes run by Near Neighbours. This includes £40k from The National Lottery Community Fund and £36k from Tudor Trust for the Catalyst Young Leaders Programme.

3. Expenditure on Charitable activities

	Staff Costs	Grants	Other Direct Costs	Support and governance costs	2023 Total	2022 Total
	£'000 (note 5)	£'000 (note 6)	£'000 (note 7)	£'000 (note 8)	£'000	£'000
Charitable Activities						
Building Networks: Local Presence and Engagement Centres	50	64	18	14	146	244
Creating Engagement: Small Grants (note 4)	50	4	18	14	86	180
Building Capacity						
Young Leaders	44	13	16	12	85	56
Public Space	16	21	6	5	48	34
Places of Welcome	4	0	2	1	7	6
Community Membership	0	10	0	0	10	0
Total expenditure	<u>164</u>	<u>112</u>	<u>60</u>	<u>46</u>	<u>382</u>	<u>520</u>

Support costs have been allocated to activities in proportion to staff time incurred in each activity area.

Total expenditure includes audit fees for the year of £14k (Statutory audit £8k and DLUHC grant audit £6k).

Total for 2022 was £12k (Statutory audit £7k and DLUHC grant audit £5k).

4. Creating Engagement: Small Grants

	2023 £'000	2022 £'000
Small Grants awarded	5	126
Less writebacks of awards	-1	-16
Net grants awarded	4	110
Other costs (incl. Salaries, travel, evaluation)	82	70
Total Costs	86	180

Writebacks of awards represent grants awarded which have been wholly or partly unclaimed.

5. Staff Costs

Staff Costs allocated by Church Urban Fund and reimbursed by Near Neighbours

	2023 £'000	2022 £'000
Salaries	133	136
Social Security	14	14
Pensions	17	13
	164	163

Near Neighbours had 0 full time members of staff (2022: 0).

No staff emoluments for the year exceeded £60k (2022: 0).

The key management personnel of the charity is comprised of the Trustees, the Group Chief Executive, the Deputy Group Chief Executive, the Director of Partnerships, the Director of Programmes and Innovation, and the Director of Finance and Governance.

Key management personnel were remunerated £57k (2022: £54k).

None of the Trustees received any benefits from employment with the charity in the year (2022: nil)

Expenses incurred in attending meetings and on other business of Near Neighbours were reimbursed to Trustees as follows:

	2023		2022	
	No.	£'000	No.	£'000
Travel, subsistence and other expenses	1	0	1	0

6. Grants

	2023 £'000	2022 £'000
Building Networks: Local Presence and Engagement Centres		
Wellsprings Together, Bradford, Leeds & Dewsbury	14	24
Centre for Theology and Community, London	14	31
Thrive Together Birmingham	14	25
St Philip's Centre, Leicester	6	12
Transforming Notts Together, Nottingham	0	7
Kings Centre, West London	0	13
Transforming Communities Together, Black Country	0	12
Greater Together Manchester, Rochdale & Bury	0	13
Building Bridges Burnley	2	13
Grassroots, Luton	14	25
Peterborough	0	10
	64	185

Building Capacity: Young Leaders
Catalyst Programme

13	7
<u>13</u>	<u>7</u>

Building Capacity: Public Space

Real People Honest Talk

12 7

Leadership Training

3 0

Leadership for Effective Change

6 0

21 7

Creating Engagement: Small Grants (note 4)

4 110

Community Membership

10 0

Total Grants

112 309

7. Other Direct Costs

2023 2022
£'000 £'000

Evaluation

38 3

Communications and Development

22 3

60 6

8. Support costs

2023 2022
£'000 £'000

Audit

14 12

Office costs

4 2

Travel and Subsistence, Recruitment

5 5

Contribution to Church Urban Fund operating costs

23 23

46 42

9. Creditors (amounts falling due within one year)

2023 2022
£'000 £'000

Accruals

8 7

Other Creditors

1 4

9 11

10. Restricted Funds	Balance at 1/1/23 £'000	Income £'000	Expenditure £'000	Transfer between funds £'000	Balance at 31/12/23 £'000
Near Neighbours Programme	99	415	329	-4	181
Catalyst Programme	57	77	53	4	85
	<u>156</u>	<u>492</u>	<u>382</u>	<u>0</u>	<u>266</u>

The Near Neighbours Programme is primarily funded by DLUHC and covers the core programmes and costs of Near Neighbours. The Catalyst Programme funds are to run the Catalyst Young People's Leadership Courses.

11. Ultimate Parent Company

The ultimate parent charity is Church Urban Fund, a company and charity registered in England. Copies of the group accounts can be obtained from Church Urban Fund, The Foundry, 17 Oval Way, London SE11 5RR.

12. Related Party Transactions

During the year, Near Neighbours entered into the following transactions with its parent company CUF:

CUF received the full amount of grant from DLUHC of £415k (2022: £500k) and passed this over to Near Neighbours to deliver the programme.

Near Neighbours paid CUF a grant of £4k (2022: £110k) to administer the Small Grants programme.

Near Neighbours made a contribution of £187k (2022: £187k) to CUF for the administration of the overall programme.

At the year end, there was £199k (2022: £123k) Intercompany balance owed by CUF.

Sue Chalkley OBE and Catherine Allison are both Trustees of Near Neighbours and Church Urban Fund.

NEAR NEIGHBOURS

England & Wales - Charity number 1142426

Accounts



TRUSTEES' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

Company Number: 07603317
Charity Number: 1142426

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		Dan Bacall	
		Sarwat Tasneem	
		Imam Qari Asim	
		Muna Chauhan	
		Sanjay Jagatia	Auditors –
		Navdeep Singh	Mazars LLP
		Manchandani Kaur Sandhu	6 Sutton Plaza Sutton Court Road Sutton Surrey SM1 4FS
			Solicitors –
			Legal advice is provided by:
			Anthony Collins Solicitors LLP
			134 Edmund Street Birmingham B3 2ES
		<u>Registered office</u>	
		NEAR NEIGHBOURS	
		The Foundry, 17 Oval Way, London SE11 5RR	
		A company limited by guarantee.	
		Registered number 7603317	

INTRODUCTION FROM CHAIR OF THE TRUSTEES

In 2022, following our emergence from the Covid pandemic, we continued our work building and mobilising a national movement of faith-based partners working together to serve local people and organisations who know their communities best. We equipped people to make a bigger difference in their community through leading high impact programmes, and amplified local voices, speaking out to influence policy and decision makers.

The deep concerns and anxieties felt by Eastern European communities, and tensions around migration in local communities in general following Russia's invasion of Ukraine caused some challenges however our coordinators were well placed to respond, given their breadth of community relationships.

It was a difficult year financially as our government funding finished on the 1st of April 2022 and consequently there were a number of redundancies amongst co-ordinators employed by our local partners. We would like to express our thanks and appreciation to all the coordinators for their hard work through the covid pandemic.

In July 2022 the government provided an indication of future funding, and we were able to restart our core work with six of our local hubs in September 2022. This was a contraction from the eleven local hubs we had worked with in the previous three years.

It is a testimony to the rootedness of Near Neighbours in diverse, local communities that during these ongoing uncertainties and anxieties, the Near Neighbours programme continued to offer support and strengthen communities.

On behalf of the Trustees, I would like to thank the team who have worked so hard in such challenging circumstances to deliver a positive year for Near Neighbours. Thank you too to our Faiths Advisory Panel, which continues to provide added accountability to our organisation that serves communities across faiths and beliefs.

Sue Chalkley OBE, Chair of Trustees

REPORT OF THE TRUSTEES FOR THE YEAR TO 31 DECEMBER 2022

The Trustees present the Annual Report and Financial Statements of the charity for the year ended 31 December 2022. The Financial Statements have been prepared in accordance with the accounting policies set out in Note 1 to the Financial Statements and comply with the Memorandum and Articles of Association, the Companies Act 2006 and Charities Act 2011, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their Financial Statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland effective 1st January 2019.

OBJECTIVES AND ACTIVITIES

Near Neighbours was created by the Church Urban Fund (CUF) and the Archbishops' Council of the Church of England following the award of £5m by the Department for Levelling Up, Housing and Communities (formerly MHCLG - Ministry of Housing, Communities and Local Government) in March 2011. Since then, further grants have been received; however, the programme is not currently funded by the government (April 2023 onwards) except for the Windrush grant programme, but NN has a small amount of trust funding for our Catalyst programme.

The Near Neighbours programme works to bring people together in communities that are religiously and ethnically diverse, so that they can get to know each other better, build relationships of trust and collaborate on initiatives that improve the local community they live in.

The charity aims to strengthen personal relationships and at the same time strengthen civil society, to create a more cohesive society where people live together respecting the differences they have with others and building a flourishing life together.

The programme has operated in the last year in Birmingham, Leicester, Luton, West London, West Yorkshire, and Lancashire.

Our main objectives:

- **Social Interaction** – by building personal relationships of trust, so that people understand each other better. We work with people of all faiths and none, with the aim to develop positive relationships that provide a foundation for people to work together.
- **Social Action** – by building up civil society across divides of faith and ethnicity. We provide the opportunity for people to come together and work on creating positive change in their neighbourhood.

There are currently four main strands to the Near Neighbours work:

- **Near Neighbours Hubs and Partners:** Building diverse and resilient relational networks amongst faith and community groups across different faiths and ethnic backgrounds, and equipping leaders for effective collaboration and community engagement, including women and young people of all backgrounds.
- **Near Neighbours Small Grants:** Bringing people together to develop, lead and participate in local projects that involve people of different faiths and ethnicities to improve communities through the provision of grants of between £250 and £4,000.

- **Catalyst:** A leadership programme that equips young people from diverse backgrounds by building their skills and capacities to be leaders and influencers in a multi-ethnic and multi-faith society.
- **Real People, Honest Talk:** Creating safe spaces to address difficult local issues, through facilitated community-based conversations.

We also support the work of **Places of Welcome**, building a network of local centres where people find support and a warm welcome, and can contribute and participate.

REVIEW OF 2022

During 2022 we were able to give 34 small grants worth £110k; mobilise 483 volunteers; create 150 partnerships between faith groups, voluntary groups and statutory organisations; equip 2746 local leaders through training, events and seminars; hold four Catalyst young leaders programmes for 93 young people; and open 168 new Places of Welcome, so that there are now over 600 Places of Welcome opening every week in local communities where people can belong, connect and contribute.

In the spring of 2022 a highlight was International Women's Day celebrations across all regions. In Luton for example, Near Neighbours supported three events alongside Ghar se Ghar, Simply Deez, and Shanthona – all of which celebrated the contributions of women of different faiths and professions and also highlighted organisations and resources that help keep women safe. In Wolverhampton, the International Women's Day events brought together women from Christian and Muslim backgrounds, African communities, refugees, older and younger age groups, and YMCA members, for conversations on a range of historical and contemporary issues. Our coordinator Shaz reflected on the event: "Conversations on the day included sharing reflections on current issues such as cost of living and the impact of covid. From this the Women Together Wolverhampton have asked whether they can meet regularly at the YMCA and to invite Women of Wolverhampton to their events. From this event local friendships have been built and the women have decided to take part in the weekly coffee morning too."

Our coordinators have made efforts to reach out to Eastern European communities in their respective regions and to strengthen relationships between Eastern Europeans and other communities. For example, in Birmingham, Near Neighbours coordinator Rabiya worked closely with Centrala Community to develop an exhibition at Birmingham City University, sharing images and stories from people in Ukraine and to bring together Sikh, Muslim, Christian, Hindu, and non-religious leaders to participate in the exhibit workshops.

One of the small grant-funded projects has supported the Kairos Housing project in Blackburn to connect with local partners of varied faiths and ethnicities, mobilise volunteers, and raise awareness about the plight of destitute asylum seekers. At the launch event of the project, people of diverse backgrounds came together to share experiences, learn more about the challenges of seeking asylum in their local community, and brainstorm together about how they could support their local hub.

Leadership for Effective Change has been one of the primary means through which we have increased the leadership capacity of people from a range of backgrounds. In the spring of 2022 we ran sessions in Peterborough, and our coordinator Femi focused on the recruitment and training of leaders from African and Caribbean communities. Given the increased attention to issues of racial injustice brought to light by the Black Lives Matter movement, it has been important to focus resources on building the capacities and amplifying the voices of Black leaders. In Leicester the focus was on young leaders from UKME backgrounds. Participants gathered for six online sessions, which covered the topics of storytelling,

building relational power and a relational culture through 1-2-1 meetings, developing effective campaigns and taking public action, followed by a meeting in person.

In 2022 we were able to restart **Real People Honest Talk (RPHT)** following the pandemic and so in the spring of 2022 we held the two Big Conversations, where people involved in the small conversations were able to join together with local leaders, policy makers and statutory authorities. Across the two participating hubs (Nottingham and Birmingham), Near Neighbours facilitated 23 small conversations and two Big Conversations. We engaged a total of 265 attendees of whom 27% were young people and 58% were women. Participants came from a wide range of ethnicities including Caribbean, African, Arab, and South Asian.

The RPHT conversations in Birmingham, which brought together participants from ISRA UK and Migrant Help, have led to a number of positive outcomes. The sessions have fostered ongoing friendships, the integration of conversational English support during cooking club sessions, and increased access to other services for migrants. Participants have reported that their mental health and wellbeing has improved as a result of being part of the group and forming new friendships. Several of the migrants who participated in RPHT in Birmingham have also started to volunteer at a local charity shop. In Nottingham two local MPs came to the Big Conversation; and the Heya group, women with asylum seeker backgrounds, has now developed a project called "Hand in Hand", designed to bring together student, refugee, and asylum seeking women and their families for health and wellbeing, crafting, and self-defence sessions, following on from RPHT.

Another significant success of 2022 was our administration and evaluation of the **Windrush Day Grants Programme**. We awarded 35 grants, with a total value of £500,000, to different types of organisations across England including 5 local authorities, 1 national and 1 regional museum, and 28 community-based organisations. Grantees employed a range of creative approaches to achieve the aims of the scheme. Of the activities undertaken by grant recipients, half involved music or performance arts (50%) with other activities including sporting activities, community street parties or carnivals, storytelling projects, radio projects, art installations/exhibitions, and work with schools. Together, WDGS projects tapped into the assets and creative gifts of their local communities to celebrate the Windrush generations and deepen understanding of the Windrush legacy.

Our coordinator in Luton, David Jonathan, was honoured to receive the Outstanding Peace Champion Award from UNA Luton and an honorary canonry from the Bishop of St Albans.

Finally, we sought to identify opportunities for greater integration and focus so that, over time, the members of the CUF group (of which Near Neighbours is part) can deliver more impact and value for money through closer alignment. CUF commissioned a governance review across the CUF group, led by Lucent Consulting, the outcomes of which continued to be reviewed by CUF, NN and JFF Trustees in 2022. The immediate action taken, driven by our desire for greater simplicity, was to operate the CUF and NN's boards co-terminously. This has increased the awareness of each charity's work across the trustee group and lessened the reporting impact on the executive team.

FUTURE PLANS

We look forward to the future and believe our work is more needed now, than ever before. We have commissioned three pieces of work to look at and evaluate our impact. These include a video project interviewing people involved in our work; an impact study of Real People Honest Talk being undertaken by Clear View Research; and an evaluation by Common Vision, all of whom will report in the summer of 2023.

In 2023 Near Neighbours will continue to:

- Look for opportunities to bring people together from different backgrounds and faiths in order to transform local communities together, and to seek investment in our activities.
- Run online seminars and provide resources on our website for our online growing Near Neighbours network
- Support the development and growth of Places of Welcome (www.placesofwelcome.org). Places of Welcome is a growing network of local community groups providing their neighbourhoods with places where all people feel safe to connect, belong and contribute.
- Offer Catalyst courses (leadership programmes for young people 16-21 from diverse backgrounds) – and seek further funding to expand this work
- Administer the Windrush grants on behalf of the government to celebrate and mark the contribution of the Windrush generation. This year (2023) marks the 75th anniversary of Windrush.

Going Concern

The Trustees have considered the activities, together with the factors likely to affect its future development, performance, and financial position to determine whether Near Neighbours' financial statements can be prepared on a going concern basis. The forecasts and projections, taking account of reasonably possible changes in charity performance show the charity should be able to operate within the level of forecast cash resources.

It is recognised that Near Neighbours benefits from regular and significant funding from DLUHC. At the date of approval of these financial statements there is indication, but no written confirmation, that funding may continue in the future. In light of this matter, Near Neighbours has received a letter of support from its parent company, Church Urban Fund (CUF), that in the event of funds not materialising CUF will support the activities of Near Neighbours in the short term to ensure that it continues as a going concern. This has been on the basis that activities deemed to be essential to the continuation of the NN network support the overall mission of the CUF group including the retention of key staff working on the NN programme.

DELIVERING PUBLIC BENEFIT

Near Neighbours brings people together in diverse communities, helping them to build relationships and collaborate to improve the local community in which they live. Near Neighbours also financially supports and works with a wide range of community and faith organisations, all of which are working to bring communities together.

The Trustees have reviewed the guidance on public benefit issued by the Charity Commission each year and consider that Near Neighbours' aims and activities, as set out above, fulfil the criteria. The Trustees do not anticipate any future change to this operational approach.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

Near Neighbours is both a company limited by guarantee (Registration Number 07603317) subject to the Companies Act 2006 and a charity registered with the Charity Commission (Charity Number 1142426). It is governed by its Memorandum and Articles of Association dated March 2011.

Governance Structure

The Directors of the company are known as Trustees. The Articles of Association allow for up to thirteen Trustees, six being nominated by the Archbishops' Council and seven by CUF. The Trustees meet four times during the year to review strategy, operational and financial performance in conjunction with the CUF Group Senior Management Team (SMT). The Trustees are listed on page 2 of this report.

None of the Trustees receive any remuneration or benefits from Near Neighbours. Expenses reclaimed by the Trustees during the year are set out in note 5 to the Financial Statements.

Trustee Induction and Training

All Trustees on appointment receive a detailed briefing on the Memorandum and Articles of Association, the objectives of the programme and the agreements with CUF, DLUHC and delivery partners. Trustees undertake an induction programme which covers the formal governance arrangement and includes our legal structures and obligations, charitable priorities and work.

Trustees are also given the opportunity to visit projects and are kept abreast of developments at each Board meeting through a detailed progress report by Senior Management and a cycle of presentations by partners.

Management and Organisational Structure

The day-to-day management and delivery of the Near Neighbours programme is delegated to the CUF Group Chief Executive, Deputy Chief Executive, and the Senior Management Team, namely the Directors of Partnerships, Programmes and Innovation, and Finance and Governance. The Senior Management Team works closely with other members of CUF's staff team (its ultimate parent company). Formal reporting by the Senior Management Team to the Board takes place regularly throughout the year.

Principal Risks

The Trustees have considered the key potential risks facing the Near Neighbours programme and how they are managed which are outlined below:

RISK TYPE	POTENTIAL RISK	MITIGATION
Financial	Failure to secure long-term future funding for the Programme	Diversifying our income streams by pursuing a number of different funders Major grant funders are actively managed by CUF
Operational	Fraud in grants programmes	Strong initial due diligence towards all applicants Constant monitoring of funding and reporting Understanding of legal responsibilities
	Loss of key staff	Wider sharing of responsibilities has ensured all team has insight and understanding.
	Extremism	All staff including hubs are extremism aware Deep dive due diligence for new applications Strong community relationships to draw on
Relational	Target groups are reluctant or slow to engage	Our local hubs have a trusted local presence and deep networks.
Reputational	Reputational risk from adverse publicity	Advice and support available from CUF and through the Church of England Local and national media coverage are monitored on an ongoing basis Robust agreements in place providing clarity on expectations and delivery

Key Management Personnel Remuneration

The Trustees consider that the Board of Trustees, the CUF Group Chief Executive, Deputy Chief Executive, and the Senior Management Team, namely the Directors of Partnerships, Programmes and Innovation, and Finance and Governance, comprise the key management personnel of the charity in charge of directing, controlling, running and operating the charity on a day-to-day basis. All Trustees give their time freely and none of the Trustees received remuneration in the year. Details of expenses reclaimed are set out in note 5 to the Financial Statements and related party transactions are disclosed in note 12 of the accounts.

The salaries of key management are reviewed annually and normally increased in accordance with inflation. In view of the nature of the charity, the Trustees benchmark against pay awards in similar charitable organisations. The Trustees of CUF set the salary of the CUF Group Chief Executive and Deputy as the roles are shared between all CUF charities (parent and subsidiaries).

Small Company Exemption

The company has taken advantage of the small company exemption, as it is within the threshold criteria. The accounts have been prepared in accordance with the special provision contained in the Companies Act.

FINANCIAL REVIEW

Income

Income for the year to 31st December 2022 was £526k (2021: £2.3m), a significant decrease from the previous year. Income was largely received from Department for Levelling Up, Housing and Communities (DLUHC), as well as other trusts, restricted to the Near Neighbours programme.

Expenditure

The total expenditure on the three charitable activities was £520k (2021: £2.2m). The charitable activities together with their associated expenditure for the period are:

- **Building Networks:** £244k (2021: £935k) this expenditure principally reflects the grants to extend the capacity of the Local Presence and Engagement centres, set out in notes 3 and 6 to the accounts.
- **Building Capacity** by these three activities:
 - Young Leaders - £56k (2021: £111k)
 - Real People Honest Talk - £34k (2021: £105k)
 - Places of Welcome - £6k (2021: £21k)

This expenditure principally reflects the grants to our partners, set out in notes 3 and 6 to the accounts.

- **Creating Engagement:** £180k (2021: £1.08m) represents the Near Neighbours Small Grants Fund, as set out in note 4 to the accounts.

Reserves and Reserves Policy

All reserves are treated as restricted, and any reserves held at the year-end represent funds set aside for future programmes. There was a £156k balance in reserves at 31st December 2022 (2021: £150k).

THE TRUSTEES' RESPONSIBILITY FOR PREPARING ANNUAL FINANCIAL STATEMENTS

The law applicable to charities in England and Wales requires the Trustees to prepare annual financial statements for each financial year that give a true and fair view of the Charity's financial activities during the year and state its surplus or deficit for the year and its financial position at the end of that year. In preparing annual financial statements, the Trustees have followed best practice and:

- Selected suitable accounting policies and applied them consistently
- Made judgments and estimates that are reasonable and prudent
- Followed applicable Accounting Standards and Statements of Recommended Practice
- Prepared the annual financial statements on the going concern basis.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the Charity's assets and for taking reasonable steps to prevent and detect fraud and other irregularities. The Trustees have overall responsibility for ensuring that the Charity has appropriate systems of control, financial and otherwise.

Each of the Trustees at the date of approval of this report confirms that:

- So far as the Trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware and
- The Trustees have taken all the steps that they ought to have taken as Trustees to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

Auditors

A proposal for Mazars reappointment will be put to the Board in 2023.

Approved by the Trustees on 18th July 2023 and signed on their behalf by:



Sue Chalkley OBE, Chair of Trustees

Independent auditor's report to the members of Near Neighbours

Opinion

We have audited the financial statements of Near Neighbours (the 'charity') for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 December 2022 and of its income and expenditure 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 Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustees' report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the trustees' report. Our opinion on the financial statements does not cover the other

information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Trustees' report which includes the Directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.
- Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of the Trustees

As explained more fully in the Trustees' responsibilities statement on page 11, the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the

preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charity and its activities, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the charity is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006 and the Charities Statement of Recommended Practice.

In addition, we evaluated the Trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to income recognition and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members 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 members as a body for our audit work, for this report, or for the opinions we have formed.

NJ Wakefield
Nicola Wakefield (Sep 29, 2023 09:59 GMT+1)

Nicola Wakefield (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

2nd Floor, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey, SM1 4FS

Date: 29-Sep-2023

NEAR NEIGHBOURS

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31st December 2022

		Restricted Funds 2022 £'000	Restricted Funds 2021 £'000
	Notes		
INCOME & EXPENDITURE			
Income from Charitable activities	2	526	2,303
Total Income		526	2,303
Expenditure on Charitable activities:	3		
Building Networks		244	935
Creating Engagement	4	180	1,077
Building Capacity			
Young Leaders		56	111
Real People Honest Talk		34	105
Places of Welcome		6	21
Total expenditure		520	2,249
Net Income		6	54
Total Funds brought forward		150	96
Total Funds carried forward		156	150

The charity has taken advantage of the small companies exemption as it meets the threshold criteria.
The accounts have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006 and the Financial Reporting Standard (FRS 102). All activities relate to ongoing operations.

The notes on pages 19 to 23 form part of these financial statements.

NEAR NEIGHBOURS

BALANCE SHEET AS AT 31 DECEMBER 2022

COMPANY NUMBER 07603317

	Notes	2022		2021	
		£'000	£'000	£'000	£'000
CURRENT ASSETS					
Cash at bank		44		65	
Amount due from parent charity		123		93	
			167		158
CURRENT LIABILITIES					
Creditors: Amounts falling due within one year	9	11	11	8	8
NET CURRENT ASSETS			156		150
NET ASSETS			156		150
FUNDS					
Restricted Funds	10		156		150
TOTAL FUNDS			156		150

The charity has taken advantage of the small companies exemption as it meets the threshold criteria. The accounts have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006.

Approved by the Trustees on 19th July 2023 and signed on their behalf by

Sue Chalkley OBE *Sue Chalkley*

The notes on pages 19 to 23 form part of these financial statements.

NEAR NEIGHBOURS

STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

	2022		2021	
	£'000	£'000	£'000	£'000
Reconciliation of net movement in funds to net cash flows from operating activities				
Net Income for the reporting period (as per statement of financial activities)		6		54
Adjustments for:				
(Increase) in debtors	-30		0	
Increase / (Decrease) in creditors	3		-11	
		-27		-11
Net cash (used in) / provided by operating activities		-21		43
Change in cash and cash equivalents in the reporting period		-21		43
Cash and cash equivalents at the start of the reporting period		65		22
Cash and cash equivalents at the end of the reporting period		44		65

The notes on pages 19 to 23 form part of these financial statements.

NEAR NEIGHBOURS

Notes to the Financial Statements for the year ended 31 December 2022

1. Accounting Policies

a. Basis of accounting

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes(s) to these accounts.

The 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) approved on 2 October 2019 (effective 1 January 2019) and the Companies Act 2006. The charity constitutes a public benefit entity as defined by FRS102.

The Trustees have considered the activities, together with the factors likely to affect its future development, performance and financial position to determine whether Near Neighbours financial statements can be prepared on a going concern basis. The forecasts and projections, taking account of reasonably possible changes in charity performance, show the charity should be able to operate within the level of forecast cash resources.

It is recognised that Near Neighbours benefits from regular and significant funding from DLUHC. At the date of approval of these financial statements there is indication, but no written confirmation, that funding may continue in the future. In light of this matter, Near Neighbours has received a letter of support from its parent company, Church Urban Fund (CUF), that in the event of funds not materialising CUF will support the activities of Near Neighbours in the short term to ensure that it continues as a going concern. This has been on the basis that activities deemed to be essential to the continuation of the NN network support the overall mission of the CUF group including the retention of key staff working on the NN programme.

b. Income recognition

Church Urban Fund receives funds from the Department for Levelling Up, Housing and Communities (DLUHC) which is then passed to Near Neighbours and used to administer the programme in accordance with the agreement between Church Urban Fund and Near Neighbours.

c. Support costs

Support costs comprise of costs relating to statutory audit and legal fees together with an apportionment of general overheads. Support costs relating to charitable activities have been apportioned based on staff time spent on each activity as analysed in note 8.

In addition to the costs incurred directly in the course of each charitable activity, Near Neighbours also incurs support costs that are necessary to enable it to carry out its activities. These costs are apportioned to activities based on the time spent on each.

d. Charitable activities

The costs of charitable activities include grants made, governance costs and an apportionment of support costs as shown in note 3.

e. Grants

Delivery Partners submit quarterly returns against budget before they are paid future funding as unspent amounts in one year would result in a reduction of grant in the next. The grants are charged to the Statement of Financial Activities once funds have been transferred to the recipient's account. Payments are made on behalf of Partners where there is an absence of a operational bank account due to a delay in the setting up of the account.

The grant to Church Urban Fund to administer and make awards under the Small Grants Programme is charged to the Statement of Financial Activities once the funds have been committed.

f. Pensions costs

The charity operates a defined contribution pension scheme, Church Urban Fund Pension Plan with Legal and General. The pension charge represents the amount payable by the charity to the scheme in respect of the year to which they relate and are included within staff costs (note 5).

g. Fund accounting

Restricted funds are funds subject to the specific restrictive conditions imposed by donors.

2. Income from Charitable activities

	2022 £'000	2021 £'000
Income from Charitable Activities - DLUHC via Church Urban Fund	500	2,300
Income from Charitable Activities		
Other Income	26	3
	526	2,303

Income from Charitable Activities - DLUHC via Church Urban Fund represents the grant from the Department for Levelling Up, Housing and Communities (DLUHC) to Church Urban Fund in respect of the Near Neighbours Programme. The grant is passed to Near Neighbours who administers the overall programme based on the agreement between Church Urban Fund and Near Neighbours. Near Neighbours then makes a grant to Church Urban Fund to administer and make awards under the Small Grants Programme - 'Creating Engagement'. In addition, Near Neighbours reimburses CUF for other programme and shared central costs as per the agreement.

Income from Charitable Activities - Other Income represents funding for other programmes run by Near Neighbours. This includes £25k that was received from The Archbishop of Canterbury's Charitable Foundation the Catalyst Young Leaders Programme.

3. Expenditure on Charitable activities

	Staff Costs	Grants	Other Direct Costs	Support and governance costs	2022 Total	2021 Total
	£'000 (note 5)	£'000 (note 6)	£'000 (note 7)	£'000 (note 8)	£'000	£'000
Charitable Activities						
Building Networks: Local Presence and Engagement Centres	45	185	2	12	244	935
Creating Engagement: Small Grants (note 4)	54	110	2	14	180	1,077
Building Capacity						
Young Leaders	38	7	1	10	56	111
Real People Honest Talk	21	7	1	5	34	105
Places of Welcome	5	0	0	1	6	21
Total expenditure	163	309	6	42	520	2,249

Support costs have been allocated to activities in proportion to staff time incurred in each activity area.
Total expenditure includes audit fees for the year of £12k (Statutory audit £7k and DLUHC grant audit £5k).
Total for 2021 was £14k (Statutory audit £6k and DLUHC grant audits £8k).

4. Creating Engagement: Small Grants

	2022 £'000	2021 £'000
Small Grants awarded	126	270
Community Covid Relief Small Grants awarded	0	396
Community Covid Relief Mid-Sized Grants awarded	0	175
Less writebacks of awards	-16	-21
Net grants awarded	110	820
Other costs (incl. Salaries, travel, evaluation)	70	257
Total Costs	180	1,077

Writebacks of awards represent grants awarded which have been wholly or partly unclaimed.

5. Staff Costs

Staff Costs allocated by Church Urban Fund and reimbursed by Near Neighbours

	2022 £'000	2021 £'000
Salaries	136	264
Social Security	14	27
Pensions	13	20
	163	311

Near Neighbours had 0 full time members of staff (2021: 0).

No staff emoluments for the year exceeded £60k (2021: 0).

The key management personnel of the charity is comprised of the Trustees, the Group Chief Executive, the Deputy Group Chief Executive (from March 2022), the Director of Partnerships, the Director of Programmes and Innovation, the Director of Operations (to March 2022), and the Director of Finance and Governance (from August 2022).

Key management personnel were remunerated £54k (2021: £93k).

None of the Trustees received any benefits from employment with the charity in the year (2021: nil)

Expenses incurred in attending meetings and on other business of Near Neighbours were reimbursed to Trustees as follows:

	2022 No.	£'000	2021 No.	£'000
Travel, subsistence and other expenses	1	0	0	0

6. Grants

	2022 £'000	2021 £'000
Building Networks: Local Presence and Engagement Centres		
Wellsprings Together, Bradford, Leeds & Dewsbury	24	69
Centre for Theology and Community, London	31	77
Thrive Together Birmingham	25	85
St Philip's Centre, Leicester	12	62
Transforming Notts Together, Nottingham	7	53
Kings Centre, West London	13	83
Transforming Communities Together, Black Country	12	67
Greater Together Manchester, Rochdale & Bury	13	69
Building Bridges Burnley	13	46
Grassroots, Luton	25	83
Peterborough	10	82
	185	776

Building Capacity: Young Leaders

Catalyst Programme
Ripple Effect Programme

7	2
0	25
7	27

Building Capacity: Public Space

Real People Honest Talk
Stories of Hope
Leadership for Effective Change

7	6
0	6
0	4
7	16

Creating Engagement: Small Grants (note 4)

110	820
------------	------------

Total Grants

309	1,639
------------	--------------

7. Other Direct Costs

	2022	2021
	£'000	£'000
Evaluation	3	41
Communications and Development	3	72
Finance	0	29
	6	142

2021 costs include expenditure against a one off grant for a covid related Surge programme. There was no such grant in 2022.

8. Support costs

	2022	2021
	£'000	£'000
Professional Costs	0	1
Audit	12	14
Office costs	2	4
Travel and Subsistence, Recruitment	5	6
Contribution to Church Urban Fund operating costs	23	132
	42	157

9. Creditors (amounts falling due within one year)

	2022	2021
	£'000	£'000
Accruals	7	6
Other Creditors	4	2
	11	8

10. Restricted Funds	Balance at 1/1/22 £'000	Income £'000	Expenditure £'000	Transfer between funds £'000	Balance at 31/12/22 £'000
Near Neighbours Programme	101	500	497	-5	99
Catalyst Programme	49	26	23	5	57
	150	526	520	0	156

The Near Neighbours Programme is primarily funded by DLUHC and covers the core programmes and costs of Near Neighbours. The Catalyst Programme funds are to run the Catalyst Young People's Leadership Courses.

11. Ultimate Parent Company

The ultimate parent charity is Church Urban Fund, a company and charity registered in England. Copies of the group accounts can be obtained from Church Urban Fund, The Foundry, 17 Oval Way, London SE11 5RR.

12. Related Party Transactions

During the year, Near Neighbours entered into the following transactions with its parent company CUF:

CUF received the full amount of grant from DLUHC of £500k (2021: £2,300k) and passed this over to Near Neighbours to deliver the programme.

Near Neighbours paid CUF a grant of £110k (2021: £855k) to administer the Small Grants programme.

Near Neighbours made a contribution of £187k (2021: £468k) to CUF for the administration of the overall programme.

At the year end, there was £123k (2021: £93k) intercompany balance owed by CUF.

Sue Chalkley OBE and Catherine Allison are both Trustees of Near Neighbours and Church Urban Fund

NEAR NEIGHBOURS

England & Wales - Charity number 1142426

Accounts



TRUSTEES' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2021

Company Number: 07603317
Charity Number: 1142426

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Registered office:
The Foundry
17 Oval Way
London
SE11 5RR

Registered company number
07603317
Registered Charity number
1142426

TRUSTEES, OFFICERS AND ADVISERS

Chair

Baroness Eaton DBE *to 24.05.21*

Ms. Sue Chalkley OBE *from 09.07.21*

Trustees

Revd Dr Richard Sudworth

Revd Mark Poulson *to 24.05.21*

Revd Canon Guy Wilkinson *to 24.05.21*

Revd Dr Malcolm Brown *from 09.12.20*

Ms. Sue Chalkley OBE *from 09.12.20*

Ms. Rachel Whittington *from 09.12.20*

Revd Jessica Foster *from 24.05.21*

Revd Catherine Allison *from 24.05.21*

Katie Hodgkinson *from 24.05.21*

Very Revd Rogers Govender *from 24.05.21*

Faith Advisory Panel

Darcy Biddulph

Revd Dr Richard Sudworth

Rabbi Nicky Liss

Dan Bacall

Sarwat Tasneem

Imam Qari Asim

Muna Chauhan

Sanjay Jagatia

Navdeep Singh

Manchandran Kaur Sandhu

Principal Officers

Rachel Whittington
Group CEO

Elizabeth Carnelley Director of Partnerships

Sarah Wallace BEM Director of Programmes and Innovation

Advisers

Bank

National Westminster Bank Plc

Westminster Branch

PO Box 3038

57 Victoria Street

London SW1H 0HN

Auditors

Mazars LLP

6 Sutton Plaza

Sutton Court Road

Sutton

Surrey SM1 4FS

Solicitors

Legal advice is provided by:

Anthony Collins Solicitors LLP

134 Edmund Street

Birmingham B3 2ES

INTRODUCTION FROM CHAIR OF THE TRUSTEES

2021 was another extraordinarily difficult year for everyone. It is a testimony to the rootedness of Near Neighbours in diverse, local communities that the year witnessed a deepening of its portfolio despite the constraints of lockdown, and during these ongoing uncertainties and anxieties, the Near Neighbours programme continued to offer support and strengthen communities.

Running alongside our usual programme (leadership events, small grants disbursement bringing communities together and mentoring of small community and faith organisations, creating partnerships and opportunities for collaboration), we were successful in delivering a 'surge' of high-impact activities as part of the Government's Community Champions scheme. Designed in response to the Covid-19 pandemic, this scheme enhanced existing communication strategies across a target group of councils, and funded work with grassroots advocates from affected communities. The aims were to improve public health communication with hard-to-reach groups; and to dispel myths, reduce fear, and build confidence among ethnic minorities. Near Neighbours and our partners delivered an astonishing volume of activities through this Surge programme, and in just four months, January to April 2021 far exceeded most of the targets set. These activities have made a valuable contribution to communities and community organisations still struggling with the impacts of the pandemic. They have helped to dispel myths and reduce fear around vaccinations, and to build confidence among ethnic minorities in their own ability, and their community's ability, to recover from this crisis.

In October, Near Neighbours launched the findings of the "Restoring Social Confidence" report undertaken by Common Vision with an engaging online event. This report explores the unique role of Near Neighbours as a bridge between grassroots community groups and statutory organisations, in particular the work undertaken by Near Neighbours during the first half of 2021 working closely with faith and community organisations.

With more people now able to connect online, we launched the Near Neighbours Network during the year. The Near Neighbours Network offers a series of free seminars and online resources to support practical engagement across barriers of faith and ethnicity.

An absolute highlight during 2021 has been our 10th anniversary as a charity, and the many events held across the country in the Near Neighbours hubs to celebrate this milestone. These were wonderful opportunities to celebrate with our partners the achievements of Near Neighbours during our first decade, strengthening relationships, and sharing programme learning with a wider audience. Marzena, Near Neighbours coordinator for East London, reflected that

"For many leaders it was the first time [since the pandemic started] they were able to reconnect with people from other organisations, hear encouraging stories and celebrate the work they do.... People left feeling inspired and appreciated an opportunity to meet, network and share food with other people who give their time and energy to support the most vulnerable people in their communities."

Our anniversary event in Southall (West London) was also a national celebration, with the presence of Trustees, members of the Faith Advisory Panel and representatives from national partner organisations.

Finally, we were delighted that two of our team members - Kaneez Khan in West Yorkshire, and David Jonathan in Luton – each received an MBE for services to community cohesion and interfaith relations.

We are delighted that Kaneez and Johnny have been recognised for the time, energy, and creativity they have devoted to building trust and collaboration in the diverse communities where they live and work.

On behalf of the Trustees, I would like to thank Rachel, Liz and the team who have worked so hard in such challenging circumstances to deliver such a good year for Near Neighbours. Thank you too to our Faiths Advisory Panel, which continues to provide added accountability to our organisation that serves communities across faiths and beliefs

A handwritten signature in black ink that reads "Sue Chalkley". The script is cursive and fluid, with the first name "Sue" and last name "Chalkley" clearly distinguishable.

Sue Chalkley OBE, Chair of Trustees

REPORT OF THE TRUSTEES FOR THE YEAR TO 31 DECEMBER 2021

The Trustees present the Annual Report and Financial Statements of the charity for the year ended 31 December 2021. The Financial Statements have been prepared in accordance with the accounting policies set out in Note 1 to the Financial Statements and comply with the Memorandum & Articles of Association, the Companies Act 2006 and Charities Act 2011, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their Financial Statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland effective 1st January 2019.

OBJECTIVES AND ACTIVITIES

Near Neighbours was created by Church Urban Fund (CUF) and the Archbishops' Council of the Church of England following the award of £5m by the Department for Levelling Up, Housing and Communities (formerly MHCLG - Ministry of Housing, Communities and Local Government) in March 2011. Since then, further grants have been received and the programme is currently funded until March 2023, principally by DLUHC.

The Near Neighbours programme works to bring people together in communities that are religiously and ethnically diverse, so that they can get to know each other better, build relationships of trust and collaborate on initiatives that improve the local community they live in.

The charity aims to strengthen personal relationships and at the same time strengthen civil society, to create a more cohesive society where people live together respecting the differences they have with others and building a flourishing life together.

The programme operates in ten diverse regions of England including Birmingham, the Black Country, East Midlands, Luton, Peterborough, East London, West London, West Yorkshire, Greater Manchester and Lancashire. Near Neighbours works with a number of national partners in these regions who provide expertise through their focused work.

Our main objectives:

- **Social Interaction** – by building personal relationships of trust, so that people understand each other better. We work with people of all faiths and none, with the aim to develop positive relationships that provide a foundation for people to work together.
- **Social Action** – by building up civil society across divides of faith and ethnicity. We provide the opportunity for people to come together and work on creating positive change in their neighbourhood.

There are currently four main strands to the Near Neighbours work:

- **Near Neighbours Hubs and Partners:** Building diverse and resilient relational networks amongst faith and community groups across different faiths and ethnic backgrounds, and equipping leaders for effective collaboration and community engagement, including women and young people of all backgrounds.
- **Near Neighbours Small Grants:** Bringing people together to develop, lead and participate in local projects that involve people of different faiths and ethnicities to improve communities through the provision of grants of between £250 and £5,000.

- **Catalyst:** A leadership programme that equips young people from diverse backgrounds by building their skills and capacities to be leaders and influencers in a multi-ethnic and multi-faith society.
- **Real People, Honest Talk:** Creating safe spaces to address difficult local issues, through facilitated community-based conversations.

We also support the work of **Places of Welcome**, building a network of local centres where people find support and a warm welcome, and can contribute and participate.

REVIEW OF 2021

This year we were delighted to celebrate **10 years of Near Neighbours**. In the ten years since our inception, we have distributed nearly £8million in small and community-led grant funding to more than two thousand projects, some of which have now grown into really impactful programmes and are still running today. In addition, we have supported the creation of over 1,800 partnerships between local groups, involved over 90,000 people in leadership training events and mobilised nearly 13,000 volunteers. We celebrated our first decade during 2021 with smaller regional hub events and a national event at St John Church in Southall, attended by more than 150 guests including many grantees, faith leaders, and members of parliament.

The year saw extraordinary output for Near Neighbours' and our partners against a difficult backdrop of a second year of the Covid-19 pandemic, and the resulting economic hardship faced by many in the communities we serve. We were honoured to receive additional urgent **Community Champions** funding from the Ministry of Local Government, Housing and Communities (now the Department for Levelling Up, Housing and Communities) to deliver projects to support community health and wellbeing to those most vulnerable to the impact of the virus. Some highlights of this programme included:

- Holding 56 events with 4,264 participants to disseminate public health messages and support the Covid 19 Vaccination rollout in vulnerable communities
- Mobilising 459 new volunteers who engaged with 763 community organisations
- Awarding 162 grants (distributing a total of £392,585) enabling small local organisations to support people with Covid 19 challenges
- Delivering 46 courses covering money management, digital skills and community engagement
- Reaching over 70,000 people via social media channels (22,170 via English language posts and 48,727 via posts in over 13 other languages)

Alongside this urgent programme, we continued to run our normal programme of work. Our **Leaders Training Programme** held 163 leadership training events over the year; topics challenging intolerance and extremism were well attended by our target groups of women (58%) and young people (29%).

Our **Small Grants Programme** continued to thrive. We exceeded our target of 10,000, engaging 14,030 people. Grants awarded included an online celebration event for International Women's Day in Luton, a free after-school club to be held once a week in West London, a cross-cultural participatory music programme in East London, and a series of workshops/seminars about discrimination, prejudice, unconscious bias, community-building, media coverage and Black Lives Matter in the Black Country. Data from the current cohort of grant applicants highlighted that we were able to reach a diverse group

of people, across all demographic indicators. This reflects the strength of our Coordinators' relationships across a wide range of community groups. We also achieved our aim of improving and streamlining our grants application and approvals process. The average turnaround time for a grant application was reduced from three weeks to just nine days, allowing community organisations greater security in a challenging time.

Our **Local Hubs** continued to provide vital work connecting and supporting community organisations. During 2021 we created over 470 new partnerships, mentored, and supported 400 projects and mobilised 1,564 volunteers who amassed a huge 46,713 volunteer hours between them.

We were proud to work with the think-tank, Common Vision, to release our research report "**Restoring Social Confidence. Lessons from faith-led social action during the Covid-19 pandemic**". The report was a result of five months of research into Near Neighbours work and analyses a variety of pandemic projects supported by Near Neighbours during the lockdown, from food delivery to addressing vaccine hesitancy, from courses online to spiritual support for grief. The report introduces the concept of social confidence, described as "the trust we have in ourselves, our community and institutions to look after our individual and collective wellbeing." Also highlighted is the "significant value" of Near Neighbours work over the last decade, through an established network of hubs, local connections and a wealth of experience and expertise. More than 70 people from community and faith groups across the country attended the online launch of the report held in October.

Another significant success of 2021 was our administration and evaluation of the **Windrush Day Grants Programme**. We awarded 42 grants to different types of organisations across England including 6 local authorities. 4 national and regional museums and 32 community-based organisations. Grantees employed a range of creative approaches to achieve the aims of the scheme. The largest proportion of projects (21.4%) focused on storytelling, which often included the sharing of recipes, songs, music, or antiques. Other project activity included art installations, music or performance arts, work with schools, educational events, collation & opening of archives, radio projects, and community street parties or carnivals. A number of projects (23.8%) carried out creative activities not captured under other categories, including a fashion show and sporting activity. Together, WDGS projects tapped into the assets and creative gifts of their local communities to celebrate the Windrush generations and deepen understanding of the Windrush legacy.

Finally, we sought to identify opportunities for greater integration and focus so that, over time, the members of the CUF group (of which Near Neighbours is part) can deliver more impact and value for money through closer alignment. CUF commissioned a governance review across the CUF group, led by Lucent Consulting, the outcomes of which will be reviewed by CUF, NN and JFF Trustees in 2022. An immediate action, driven by our desire for greater simplicity, was to operate the CUF and NN's boards co-terminously. This has increased the awareness of each charity's work across the trustee group and lessened the reporting impact on the executive team.

FUTURE PLANS

We look forward to moving from strength to strength as we look to the future and believe our work is more needed now, than ever before. In 2022 Near Neighbours will continue to:

- Look for opportunities to bring people together from different backgrounds and faiths in order to transform local communities together, and to seek investment in our activities.
- Run online seminars and provide resources on our website for our online growing Near Neighbours network
- Support the development and growth of Places of Welcome (www.placesofwelcome.org). Places of Welcome is a growing network of local community groups providing their neighbourhoods with places where all people feel safe to connect, belong and contribute.)
- Offer Catalyst courses (leadership programmes for young people 16-21 from diverse backgrounds) – and seek further funding to expand this work
- Administer the Windrush grants on behalf of the government to celebrate and mark the contribution of the Windrush generation

Going Concern

The Trustees have considered the activities, together with the factors likely to affect its future development, performance, and financial position to determine whether Near Neighbours financial statements can be prepared on a going concern basis. The forecasts and projections, taking account of reasonably possible changes in charity performance show the charity should be able to operate within the level of forecast cash resources.

It is recognised that Near Neighbours benefits from regular and significant funding from DLUHC. At the date of approval of these financial statements there is indication, but no written confirmation, that funding may continue in the future. In light of this matter, Near Neighbours has received a letter of support from its parent company, Church Urban Fund (CUF), that in the event of funds not materialising CUF will support the activities of Near Neighbours in the short term to ensure that it continues as a going concern. This has been on the basis that activities deemed to be essential to the continuation of the NN network support the overall mission of the CUF group including the retention of key staff working on the NN programme.

DELIVERING PUBLIC BENEFIT

Near Neighbours brings people together in diverse communities, helping them to build relationships and collaborate to improve the local community in which they live. Near Neighbours also financially supports and works with a wide range of community and faith organisations, all of which are working to bring communities together.

The Trustees have reviewed the guidance on public benefit issued by the Charity Commission each year and consider that Near Neighbours' aims and activities, as set out above, fulfil the criteria. The Trustees

do not anticipate any future change to this operational approach.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

Near Neighbours is both a company limited by guarantee (Registration Number 07603317) subject to the Companies Act 2006 and a charity registered with the Charity Commission (Charity Number 1142426). It is governed by its Memorandum and Articles of Association dated March 2011.

Governance Structure

The Directors of the company are known as Trustees. The Articles of Association allow for up to thirteen Trustees, six being nominated by the Archbishops' Council and seven by CUF. The Trustees meet four times during the year to review strategy, operational and financial performance in conjunction with the CUF Group Chief Executive, Director of Partnerships and Director of Programmes and Innovation. The Trustees are listed on page 2 of this report.

None of the Trustees receive any remuneration or benefits from Near Neighbours. Expenses reclaimed by the Trustees during the year are set out in note 5 to the Financial Statements.

Trustee Induction and Training

All Trustees on appointment receive a detailed briefing on the Memorandum & Articles of Association, the objectives of the programme and the agreements with CUF, DLUHC and delivery partners. Trustees undertake an induction programme which covers the formal governance arrangement and includes our legal structures and obligations, charitable priorities and work.

Trustees are also given the opportunity to visit projects and are kept abreast of developments at each Board meeting through a detailed progress report by Senior Management and a cycle of presentations by partners.

Management and Organisational Structure

The day-to-day management and delivery of the Near Neighbours programme is delegated to the CUF Group Chief Executive and the Senior Management Team, namely the Director of Partnerships and Director of Programmes and Innovation. The Senior Management Team works closely with other members of CUF's staff team (its ultimate parent company). Formal reporting by the Senior Management Team to the Board takes place regularly throughout the year.

Principal Risks

The Trustees have considered the key potential risks facing the Near Neighbours programme and how they are managed which are outlined below:

RISK TYPE	POTENTIAL RISK	MITIGATION
Financial	Failure to secure long-term future funding for the Programme	Diversifying our income streams by pursuing a number of different funders Major grant funders are actively managed by CUF

Operational	Fraud in grants programmes	Strong initial due diligence towards all applicants Constant monitoring of funding and reporting Understanding of legal responsibilities
	Loss of key staff	Wider sharing of responsibilities has ensured all team has insight and understanding.
	Extremism	All staff including hubs are extremism aware Deep dig due diligence for new applications Strong community relationships to draw on
Relational	Target groups are reluctant or slow to engage	Our local hubs have a trusted local presence and deep networks.
Reputational	Reputational risk from adverse publicity	Advice and support available from CUF and through the Church of England Local and national media coverage are monitored on an ongoing basis Robust agreements in place providing clarity on expectations and delivery

Key Management Personnel Remuneration

The Trustees consider that the Board of Trustees, the CUF Group Chief Executive and the Senior Management Team, namely the Director of Partnerships and Director of Programmes and Innovation comprise the key management personnel of the charity in charge of directing, controlling, running and operating the charity on a day-to-day basis. All Trustees give their time freely and none of the Trustees received remuneration in the year. Details of expenses reclaimed are set out in note 5 to the Financial Statements and related party transactions are disclosed in note 12 of the accounts.

The salaries of key management is reviewed annually and normally increased in accordance with inflation. In view of the nature of the charity, the Trustees benchmark against pay awards in similar charitable organisations. The Trustees of CUF set the salary of the CUF Group Chief Executive as the role is shared between all CUF charities (parent and subsidiaries).

Small Company Exemption

The company has taken advantage of the small company exemption, as it is within the threshold criteria. The accounts have been prepared in accordance with the special provision contained in the Companies Act.

FINANCIAL REVIEW

Income

Income for the year to 31st December 2021 was £2.3m (2020: £0.9m), an increase from the previous year. Income was largely received from Department for Levelling Up, Housing and Communities (DLUHC), as well as other trusts restricted to the Near Neighbours programme.

Expenditure

The total expenditure on the three charitable activities was £2.2m (2020: £1m). The charitable activities together with their associated expenditure for the period are:

- **Building Networks:** £935k (2020: £539k) this expenditure principally reflects the grants to extend the capacity of the Local Presence and Engagement centres, set out in notes 3 and 6 to the accounts.
- **Building Capacity** by these four activities:
 - Faith Leaders - £nil (2020: £25k)
 - Young Leaders - £111k (2020: £81k)
 - Real People Honest Talk - £105k (2020: £90k)
 - Places of Welcome - £21k (2020: £13k)

This expenditure principally reflects the grants to our partners, set out in notes 3 and 6 to the accounts.

- **Creating Engagement:** £1.077mil (2020: £253k) represents Near Neighbours Small Grant Fund, as set out in note 4 to the accounts.

Reserves and Reserves Policy

All reserves are treated as restricted and any reserves held at the year-end represent funds set aside for future programmes. There was a £150k balance in reserves at 31st December 2021 (2020: £96k).

THE TRUSTEES' RESPONSIBILITY FOR PREPARING ANNUAL FINANCIAL STATEMENTS

The law applicable to charities in England and Wales requires the Trustees to prepare annual financial statements for each financial year that give a true and fair view of the Charity's financial activities during the year and state its surplus or deficit for the year and its financial position at the end of that year. In preparing annual financial statements, the Trustees have followed best practice and:

- Selected suitable accounting policies and applied them consistently
- Made judgments and estimates that are reasonable and prudent
- Followed applicable Accounting Standards and Statements of Recommended Practice
- Prepared the annual financial statements on the going concern basis.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the Charity's assets and for taking reasonable steps to prevent and detect fraud and other irregularities. The Trustees have overall responsibility for ensuring that the Charity has appropriate systems of control, financial and otherwise.

Each of the Trustees at the date of approval of this report confirms that:

- So far as the Trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware and
- The Trustees have taken all the steps that they ought to have taken as Trustees to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

Auditors

A proposal for Mazars reappointment will be put to the Board in 2022.

Approved by the Trustees on 14th September 2022 and signed on their behalf by:



Sue Chalkley OBE, Chair of Trustees

Independent auditor's report to the members of Near Neighbours

Opinion

We have audited the financial statements of Near Neighbours (the 'charity') for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its income and expenditure 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 Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustees' report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the trustees' report. Our opinion on the financial statements does not

cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Trustees' report which includes the Directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.
- Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of the Trustees

As explained more fully in the Trustees' responsibilities statement on page 12, the Trustees (who are also the Directors of the charitable company for the purposes of company laws) are responsible for the

preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charity and its activities, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the charity is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006 and the Charities Statement of Recommended Practice.

In addition, we evaluated the Trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to income recognition and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members 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 members as a body for our audit work, for this report, or for the opinions we have formed.


Nicola Wakefield (Sep 29, 2022 21:38 GMT+1)

Nicola Wakefield (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

2nd Floor, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey, SM1 4FS

Date 29-Sep-2022

NEAR NEIGHBOURS

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31st December 2021

		Restricted Funds 2021 £'000	Restricted Funds 2020 £'000
	Notes		
INCOME & EXPENDITURE			
Income from Charitable activities	2	2,303	900
Total Income		2,303	900
Expenditure on Charitable activities:	3		
Building Networks		935	539
Creating Engagement	4	1,077	253
Building Capacity			
Faith Leaders		0	25
Young Leaders		111	81
Real People Honest Talk		105	90
Places of Welcome		21	13
Total expenditure		2,249	1,001
Net Income / (Expenditure)		54	-101
The charity has taken advantage of the small companies exemption &		96	197
The accounts have been prepared in accordance with the provisions		150	96
Part 15 of the Companies Act 2006.			

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006 and the Financial Reporting Standard (FRS 102). All activities relate to ongoing operations.

The notes on pages 20 to 24 form part of these financial statements.

NEAR NEIGHBOURS

BALANCE SHEET AS AT 31 DECEMBER 2021

COMPANY NUMBER 07603317

	Notes	2021		2020	
		£'000	£'000	£'000	£'000
CURRENT ASSETS					
Cash at bank		65		22	
Amount due from parent charity		93		93	
			158		115
CURRENT LIABILITIES					
Creditors: Amounts falling due within one year	9	8	8	19	19
NET CURRENT ASSETS			150		96
NET ASSETS			150		96
FUNDS					
Restricted Funds	10		150		96
TOTAL FUNDS			150		96

The charity has taken advantage of the small companies exemption as it meets the threshold criteria.
The accounts have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006.

Approved by the Trustees on 14th September 2022 and signed on their behalf by

Sue Chalkley OBE 

The notes on pages 20 to 24 form part of these financial statements.

NEAR NEIGHBOURS

STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	2021		2020	
	£'000	£'000	£'000	£'000
Reconciliation of net movement in funds to net cash flows from operating activities				
Net Income / (Expenditure) for the reporting period (as per statement of financial activities)		54		-101
Adjustments for:				
Increase in debtors	0		114	
(Decrease) in creditors	-11		-2	
		-11		112
Net cash provided by operating activities		43		11
Change in cash and cash equivalents in the reporting period		43		11
Cash and cash equivalents at the start of the reporting period		22		11
Cash and cash equivalents at the end of the reporting period		65		22

The notes on pages 20 to 24 form part of these financial statements.

NEAR NEIGHBOURS

Notes to the Financial Statements for the year ended 31 December 2021

1. Accounting Policies

a. Basis of accounting

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes(s) to these accounts.

The 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) approved on 2 October 2019 (effective 1 January 2019) and the Companies Act 2006. The charity constitutes a public benefit entity as defined by FRS102.

The Trustees have considered the activities, together with the factors likely to affect its future development, performance and financial position to determine whether Near Neighbours financial statements can be prepared on a going concern basis. The forecasts and projections, taking account of reasonably possible changes in charity performance, show the charity should be able to operate within the level of forecast cash resources.

It is recognised that Near Neighbours benefits from regular and significant funding from DLUHC. At the date of approval of these financial statements there is indication, but no written confirmation, that funding may continue in the future. In light of this matter, Near Neighbours has received a letter of support from its parent company, Church Urban Fund (CUF), that in the event of funds not materialising CUF will support the activities of Near Neighbours in the short term to ensure that it continues as a going concern. This has been on the basis that activities deemed to be essential to the continuation of the NN network support the overall mission of the CUF group including the retention of key staff working on the NN programme.

b. Income recognition

Church Urban Fund receives funds from the Department for Levelling Up, Housing and Communities (DLUHC) which is then passed to Near Neighbours and used to administer the programme in accordance with the agreement between Church Urban Fund and Near Neighbours.

c. Support costs

Support costs comprise of costs relating to statutory audit and legal fees together with an apportionment of general overheads. Support costs relating to charitable activities have been apportioned based on staff time spent on each activity as analysed in note 8.

In addition to the costs incurred directly in the course of each charitable activity, Near Neighbours also incurs support costs that are necessary to enable it to carry out its activities. These costs are apportioned to activities based on the time spent on each.

d. Charitable activities

The costs of charitable activities include grants made, governance costs and an apportionment of support costs as shown in note 3.

e. Grants

Delivery Partners submit quarterly returns against budget before they are paid future funding as unspent amounts in one year would result in a reduction of grant in the next. The grants are charged to the Statement of Financial Activities once funds have been transferred to the recipient's account. Payments are made on behalf of Partners where there is an absence of a operational bank account due to a delay in the setting up of the account.

The grant to Church Urban Fund to administer and make awards under the Small Grants Programme is charged to the Statement of Financial Activities once the funds have been committed.

f. Pensions costs

The charity operates a defined contribution pension scheme, Church Urban Fund Pension Plan with Legal and General. The pension charge represents the amount payable by the charity to the scheme in respect of the year to which they relate and are included within staff costs (note 5).

g. Fund accounting

Restricted funds are funds subject to the specific restrictive conditions imposed by donors.

2. Income from Charitable activities

	2021 £'000	2020 £'000
Income from Charitable Activities - DLUHC via Church Urban Fund	2,300	850
Income from Charitable Activities		
Other Income	3	50
	2,303	900

Income from Charitable Activities - DLUHC via Church Urban Fund represents the grant from the Department for Levelling Up, Housing and Communities (DLUHC) to Church Urban Fund in respect of the Near Neighbours Programme. The grant is passed to Near Neighbours who administers the overall programme based on the agreement between Church Urban Fund and Near Neighbours. Near Neighbours then makes a grant to Church Urban Fund to administer and make awards under the Small Grants Programme - 'Creating Engagement'. In addition Near Neighbours reimburses CUF for other programme and shared central costs as per the agreement.

Income from Charitable Activities - Church Urban Fund and Other Income represents funding granted by Church Urban Fund for the Near Neighbours programme.

3. Expenditure on Charitable activities

	Staff Costs	Grants	Other Direct Costs	Support and governance costs	2021 Total	2020 Total
	£'000 (note 5)	£'000 (note 6)	£'000 (note 7)	£'000 (note 8)	£'000	£'000
Charitable Activities						
Building Networks: Local Presence and Engagement Centres	84	776	33	42	935	539
Creating Engagement: Small Grants (note 4)	128	820	64	65	1,077	253
Building Capacity						
Faith Leaders	0	0	0	0	0	25
Young Leaders	43	27	19	22	111	81
Real People Honest Talk	45	16	21	23	105	90
Places of Welcome	11	0	5	5	21	13
Total expenditure	311	1,639	142	157	2,249	1,001

Support costs have been allocated to activities in proportion to staff time incurred in each activity area.
Total expenditure includes audit fees for the year of £14k (Statutory audit £6k and DLUHC grant audits £8k)
Total for 2020 was £16k (Statutory audit £12k and DLUHC grant audit £4k).

4. Creating Engagement: Small Grants

	2021 £'000	2020 £'000
Small Grants awarded	270	198
Community Covid Relief Small Grants awarded	396	0
Community Covid Relief Mid-Sized Grants awarded	175	0
Less writebacks of awards	-21	-11
Net grants awarded	820	187
Other costs (incl. Salaries, travel, evaluation)	257	66
Total Costs	1,077	253

Writebacks of awards represent grants awarded which have been wholly or partly unclaimed.

5. Staff Costs

Staff Costs allocated by Church Urban Fund and reimbursed by Near Neighbours

	2021 £'000	2020 £'000
Salaries	264	248
Social Security	27	26
Pensions	20	24
	311	298

Near Neighbours had 0 full time members of staff (2020: 1).

No staff emoluments for the year exceeded £60k (2020: 1).

The key management personnel of the charity is comprised of the Trustees, the Group Chief Executive, the Director of Partnerships, the Director of Programmes and Innovation and the Director of Operations. Key management personnel were remunerated £93k (2020: £80k).

None of the Trustees received any benefits from employment with the charity in the year (2020: nil)

Expenses incurred in attending meetings and on other business of Near Neighbours were reimbursed to Trustees as follows:

	2021 No.	£'000	2020 No.	£'000
Travel, subsistence and other expenses	0	0	2	0

6. Grants

	2021 £'000	2020 £'000
Building Networks: Local Presence and Engagement Centres		
Wellsprings Together, Bradford, Leeds & Dewsbury	69	46
Centre for Theology and Community, London	77	45
Thrive Together Birmingham	85	47
St Philip's Centre, Leicester	62	30
Transforming Notts Together, Nottingham	53	11
Kings Centre, West London	83	42
Transforming Communities Together, Black Country	67	44
Greater Together Manchester, Rochdale & Bury	69	44
Together Lancashire, Burnley	0	16
Building Bridges Burnley	46	0
Grassroots, Luton	83	46
Peterborough	82	43
	776	414
Building Capacity: Faith Leaders		
Christian Muslim Forum	0	8
Nisa Nashim	0	4
Council of Christians & Jews	0	4
	0	16

Building Capacity: Young Leaders

Catalyst Programme	2	18
Ripple Effect Programme	25	0
	27	18

Building Capacity: Public Space

Real People Honest Talk	6	13
Stories of Hope	6	0
Leadership for Effective Change	4	6
	16	19

Creating Engagement: Small Grants (note 4)

820	187
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Total Grants

1,639	654
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7. Other Direct Costs

	2021	2020
	£'000	£'000
Evaluation	41	0
Communications & Development	72	8
Finance	29	0
	142	8

2021 costs include expenditure against a one off grant for a covid related Surge programme.

8. Support costs

	2021	2020
	£'000	£'000
Professional Costs	1	4
Audit	14	16
Office costs	4	15
Travel & Subsistence and Recruitment	6	6
Contribution to Church Urban Fund operating costs	132	0
	157	41

9. Creditors (amounts falling due within one year)

	2021	2020
	£'000	£'000
Accruals	6	13
Other Creditors	2	6
	8	19

10. Restricted Funds	Balance at 1/1/21 £'000	Income £'000	Expenditure £'000	Transfer between funds £'000	Balance at 31/12/21 £'000
Near Neighbours Programme	96	1,100	1,047	-48	101
Catalyst Programme	0	3	2	48	49
Covid Response Funds	0	1,200	1,200		0
	96	2,303	2,249	0	150

The Near Neighbours Programme is primarily funded by DLUHC and covers the core programmes and costs of Near Neighbours. The Catalyst Programme funds are to run the Catalyst Young People's Leadership Courses. The fund was created via a funds transfer of £48k from the Near Neighbours programme. Covid Response Funds represent a grant from DLUHC to help local communities respond to the effects of Covid 19 in their areas.

11. Ultimate Parent Company

The ultimate parent charity is Church Urban Fund, a company and charity registered in England. Copies of the group accounts can be obtained from Church Urban Fund, The Foundry, 17 Oval Way, London SE11 5RR.

12. Related Party Transactions

During the year, Near Neighbours entered into the following transactions with its parent company CUF: CUF received the full amount of grant from DLUHC of £2,300k (2020: £850k) and passed this over to Near Neighbours to deliver the programme.

At the year end, there was £93k (2020: £93k) intercompany balance owed by CUF.

Sue Chalkley OBE is both a trustee of Near Neighbours and Church Urban Fund

Listed below are grants made where there is a commonality of trusteeship as between Near Neighbours and the recipient charity.

All of these grants were made in the normal course of the charity's business in pursuit of its charitable objectives.

Name	Related party/Recipient entity	Trustee of	Grant 2021	Grant 2020
Revd Mark Poulson	Trustee of The Kings Centre Southall	NN	£83k	£42k

NEAR NEIGHBOURS

England & Wales - Charity number 1142426

Accounts



TRUSTEES' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020

Company Number: 07603317

Charity Number: 1142426

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Registered office:
The Foundry
17 Oval Way
London
SE11 5RR

Registered company number
07603317
Registered Charity number
1142426

TRUSTEES, OFFICERS AND ADVISERS

Chair

Baroness Eaton DBE *to 24.05.21*
Interim Chair

Ms. Sue Chalkley OBE *from 09.07.21*

Trustees

Rev Dr Richard Sudworth

Rt Revd Richard Atkinson OBE *to 28.05.20*

Mr Brian Carroll *to 28.05.20*

Rt Revd Mark Davies *to 28.05.20*

Professor Francis Davis *to 28.05.20*

Revd Dr Anderson Jeremiah *to 01.08.20*

Revd Canon Denise Poole *to 28.5.20*

Revd Mark Poulson *to 24.05.21*

Canon Guy Wilkinson *to 24.05.21*

Revd Dr Malcolm Brown *from 09.12.20*

Ms. Sue Chalkley OBE *from 09.12.20*

Ms. Rachel Whittington *from 09.12.20*

Revd Jessica Foster *from 24.05.21*

Revd Catherine Allison *from 24.05.21*

Katie Hodkinson *from 24.05.21*

Revd Rogers Govender *from 24.05.21*

Faith Advisory Panel

Darcy Biddulph

Revd Dr Richard Sudworth

Rabbi Nicky Liss

Dan Bacall

Sarwat Tasneem

Imam Qari Asim

Muna Chauhan

Sanjay Jagatia

Navdeep Singh

Manchandan Kaur Sandhu

Principal Officers

Tony Edwards

Interim Executive Director
from 30.11.19 to 01.06.20

Rachel Whittington

Executive Director *from 01.06.20*

Elizabeth Cernelley

Programme Director

Advisers

Bankers

National Westminster Bank Plc

Westminster Branch
PO Box 3038
57 Victoria Street
London SW1H 0HN

Auditors

Mazars LLP

6 Sutton Plaza
Sutton Court Road
Sutton
Surrey SM1 4FS

Solicitors

Legal advice is provided by:

Anthony Collins Solicitors LLP

134 Edmund Street
Birmingham B3 2ES

INTRODUCTION FROM THE TRUSTEES

2020 was an extraordinarily difficult year for everyone. No one has been untouched by the consequences of the pandemic. However, it is clear that the impact of the pandemic has hit some communities harder than others, with whom many of which Near Neighbours is pleased to work. It is a testimony to the rootedness of Near Neighbours in diverse, local communities that 2020 witnessed a deepening of its portfolio despite the constraints of lockdown, mobilising 429 new volunteers and over 46,000 volunteer hours.

The DNA of Near Neighbours is its rich understanding of the complexities of religious and culturally diverse communities. The goal of community cohesion is one that is not served by doing to different groups, but rather in working with. This involves local knowledge, and attention to the breadth within communities, dispositions and skills that are integral to Near Neighbours. 2020, more than any other year, has perhaps underlined for us that locally enabled, diverse communities are the primary agents of transformation for the common good. The core stream of small grants funding that Near Neighbours administers is part and parcel of that ethos, where the injection of extra funds is fundamentally about resourcing and dilating pre-existing expertise and good practice. The Leadership for Effective Change programme is just one of the new initiatives that has been vital in identifying and equipping leaders able to respond to the changes that we have been facing as a society over the last year.

Baroness Margaret Eaton, chair of Near Neighbours until May 2021, reflected on the valuable work of Near Neighbours over this challenging year:

The credibility and authority that Near Neighbours has in its work of bringing communities of difference together are largely due to our staff and hubs. In adapting to the challenges posed by lockdown, they have demonstrated initiative and creativity, often working under immense pressure, and we are immensely grateful to them. We are also indebted to our trustees who have provided considerable strategic leadership in this challenging context, and to the Faiths Advisory Panel, who give us added accountability to the vision of Near Neighbours as an organisation that serves communities across faiths and beliefs.

2021 sees Near Neighbours building on its track-record of delivery with and to local, diverse communities with enhanced responsibilities emerging out of the covid crisis. On this 10th anniversary since the foundation of Near Neighbours, we are proud to continue the work of partnerships that deliver bottom-up transformations across religious and cultural difference.

Richard Sudworth, Trustee

July 2021

REPORT OF THE TRUSTEES FOR THE YEAR TO 31 DECEMBER 2020

The Trustees present the Annual Report and Financial Statements of the charity for the year ended 31 December 2020. The Financial Statements have been prepared in accordance with the accounting policies set out in Note 1 to the Financial Statements and comply with the Memorandum & Articles of Association, the Companies Act 2006 and Charities Act 2011, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their Financial Statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland effective 1st January 2019.

OBJECTIVES AND ACTIVITIES

Near Neighbours was created by Church Urban Fund (CUF) and the Archbishops' Council of the Church of England following the award of £5m by the Ministry of Housing, Communities and Local Government's (MHCLG – formerly Department of Communities and Local Government) in March 2011. Since then, further grants have been received and the programme is currently funded until March 2022, principally by MHCLG, with the funding renewed in early 2021.

The Near Neighbours programme works to bring people together who are neighbours in communities that are religiously and ethnically diverse, so that they can get to know each other better, build relationships of trust and collaborate on initiatives that improve the local community they live in.

The charity aims to strengthen personal relationships and at the same time strengthen civil society, to create a more cohesive society where people live together respecting the differences they have with others and building a flourishing life together.

The programme operates in ten diverse regions of England including Birmingham, the Black Country, East Midlands, Luton, Peterborough, East London, West London, West Yorkshire, Greater Manchester and Lancashire. Near Neighbours works with a number of national partners in these regions who provide expertise through their focused work.

Our main objectives:

- **Social Interaction** – by building personal relationships of trust, so that people understand each other better. We work with people of all faiths and none, with the aim to develop positive relationships that provide a foundation for people to work together.
- **Social Action** – by building up civil society across divides of faith and ethnicity. We provide the opportunity for people to come together and work on creating positive change in their neighbourhood.

There are currently four main strands to the Near Neighbours work:

- **Near Neighbours Hubs and Partners:** Building diverse and resilient relational networks amongst faith and community groups across different faiths and ethnic backgrounds, and equipping leaders for effective collaboration and community engagement, including women and young people of all backgrounds.
- **Near Neighbours Small Grants:** Bringing people together to develop, lead and participate in local projects that involve people of different faiths and ethnicities to improve communities through the provision of grants of between £250 and £5,000.

- **Catalyst:** A leadership programme that equips young people from diverse backgrounds by building their skills and capacities to be leaders and influencers in a multi-ethnic and multi-faith society.
- **Real People, Honest Talk:** Creating safe spaces to address difficult local issues, through facilitated community-based conversations.

We also support the work of **Places of Welcome**, building a network of local centres where people find support and a warm welcome, and can contribute and participate.

REVIEW OF 2020

This has been a very difficult year for many community groups and leaders. The restrictions of lockdown, plus the added caring responsibilities and personal griefs that have come as a result, have greatly reduced people's capacity to meet and come together for the benefit of their community. And yet, the need has significantly increased as people have suffered isolation, anxiety and financial hardship as a result of the pandemic.

Throughout this time, Near Neighbours has continued to work in close partnership with faith and community leaders and community groups to support them to adjust, continue and grow their important work. Coordinators have focused on supporting **local Covid-response work**, helping community leaders to respond to issues and uncertainties in their community arising from the pandemic, supporting small groups and organisations to apply for and secure grants, continuing to develop their partnerships and local networks, and running online events and training sessions in response to local needs and opportunities. Thanks to the consolidated network of relationship with local groups, many NN coordinators have become a reliable point of contact for Local Authorities, NHS Trusts and other agencies for coordinating and connecting faith and community groups during the pandemic.

Despite the difficulties of the past twelve months, we have succeeded in meeting all targets set at the start of this year. We have developed 398 new partnerships, mentored 297 projects and held 181 leadership training events. Over the year, Near Neighbours has mobilised a total of 1,525 volunteers, including 429 new volunteers, and has facilitated a total of 45,442 volunteer hours.

A significant challenge this year has been the reality of transitioning all training programmes and events online: many informal occasions to connect at events (before the official start, during breaks, at lunch) are missed when the events are delivered online, and, in addition, people feel that they do not really "meet" other people online, as they do in person. In addition, due to the national lockdown, we have only been able to run 4 **Catalyst programmes for young leaders** this year. Three were held at the beginning of the year, including a residential programme for young people with hearing impairment in Peterborough and only one later in the year, in October 2020 in collaboration with the Somali Bravanese Welfare Association in Barnet (West London hub). We trained a total of 76 participants.

Real People Honest Talk was also greatly impacted as one of the key features of the programme is to bring people together and create opportunities for discussion and collaboration. We were able to organise 36 small conversations in Manchester, Kirklees and Dudley, and only two big conversations, as the event in Dudley in mid-March had to be cancelled because of the lockdown.

However, a total of 181 **leadership training events** have been held over the year, at least half of which of which directly challenged intolerance and extremism. 58% of participants were women; 29% were young people – exceeding our targets in both areas.

This total includes a pilot of the **Leadership for Effective Change (LEC)** programme where the same group met over six weeks, establishing deeper relationships resulting in greater impact in terms of confidence to make changes and generating new opportunities. In Nottingham, the Coordinator has been able to build strong relationships with nine organisations through LEC. As a result of this, a partnership between the Vine Community Centre and a number of the participants in the training course developed and they are now working together to support refugees and asylum seekers, providing dance classes to community groups, promoting training programmes and joining together to apply for funding for Windrush projects.

Finally, over the year we distributed **95 small grants** with data indicating that NN is reaching a highly diverse group of people, across all demographic indicators. This reflects the strength of NN Coordinators' relationships across a wide range of community groups. By providing mentorship and support to these individuals, building their skills in applying for grants, and supporting the implementation of successful applicants, NN is increasing the diversity of civil society at the grassroots level.

We engaged with over 10,000 people through the grants programme. Furthermore, the average turnaround time for a grant application was just nine days, meaning we more than achieved our target of reducing the turnaround time from three weeks to two weeks.

Grants awarded included an online celebration event for International Women's Day in Luton, a free after-school club to be held once a week in West London, a cross-cultural participatory music programme in East London, and a series of workshops/seminars about discrimination, prejudice, unconscious bias, community-building, media coverage and Black Lives Matter in the Black Country.

There were four focus areas for small grants projects:

1. *Marginalised Women and Girls*

Kairos, Nottingham - Kairos is a lesbian & bisexual immigration support group for women offering emotional and practical support. They ran 12 weekly online Zoom art workshops to create a Zine, representing their experience of lockdown, using the process as a therapeutic medium for mindfulness, self-expression & sharing, building friendship. These sessions allowed group members to explore, experiment and use art materials, never used before. They engaged in watching demonstrations and making progress at their own pace. Friendships and confidence in expressing themselves developed.

2. *Vulnerable Young People*

The Leicester Kids Covid Relief Family Cooking project – This project aimed to bring together a diverse range of children and families on the backdrop of the covid pandemic. The aim has been to allow respectful relationships to develop whilst learning about the range of backgrounds of Leicester youngsters, create, share and sample culturally diverse recipes, allow befriending opportunities and improvement in skills. 16 children with parents were participants of the project from backgrounds including Japan, China, English, Barbados, Antigua, Ukraine, Poland, Jamaica, Sierra Leone, and India. Faiths of participants included non-faith, Christian, Sikh and Hindu. The project aimed to enhance inter-generational wellbeing of children and families, through assistance their child's safe cooking with ingredients & by regular coming together. The

success of this and other projects means they will now undertake work to develop their grassroots project into a formal charity for the good of communities, seek to develop relationships and provide an ongoing platform in which youngsters may guide the direction of related projects.

3. *Social Divisions and Tensions*

ReflecTeen Hub, Manchester - is a Manchester-based organisation that works to combat youth violence fuelled by social deprivation, knife crime and fractured communities. Their 'It Takes Communities Project' was a community-based violence prevention programme raising awareness on the issues with community consultation on violence reduction strategies. There were participants from parts of Greater Manchester, Ward councillors, representatives from faith groups, the GMP, VRU and scholars from Salford University. Young people present at the youth hangout weekly sessions described the project as empowering. One young person said: 'I was unaware of how my action impacts others making me at risk of becoming caught up in violence. I am so glad I attended the community event and did the mentoring programme.'

4. *Combatting Loneliness / Promoting Connectedness*

Vanclaron CIC, Nottingham - Through the Art-full wellbeing project, Vanclaron CIC in Nottingham used creative 1-hour online sessions to allow participants to use arts as emotional release, improve wellbeing, and break isolation by connecting with each other and learning a new skill in line with the NHS's 5 ways to wellbeing. The sessions were delivered in three 4-week sessions of 10 clients per session. Participants were mostly in the age range of 20 – 60 and across several ethnic minority and faith communities. Through their experiences and client feedback they have developed 'connected communities' which is a selection of other online activities which are run by volunteers and have proved to be very popular.

FUTURE PLANS

As a team, we are greatly looking forward to restrictions easing and community activity resuming in person. We will continue to support our partners to deliver their valuable work and respond to the long-term effects of the pandemic in their communities.

Building on the existing networks and the connections with many faith communities and minority ethnic groups, we will support the government drive to increase vaccination intake amongst those communities and groups that are more reluctant to get vaccinated. We will also renew our offer of training courses and resources to help community organisations affected by the Covid-19 pandemic become more resilient.

Going Concern

The trustees have considered the activities, together with the factors likely to affect its future development, performance and financial position to determine whether Near Neighbours financial statements can be prepared on a going concern basis. The forecasts and projections, taking account of reasonably possible changes in charity performance and the potential impact of the Covid-19 coronavirus, show that the charity should be able to operate within the level of forecast cash resources.

It is recognised that Near Neighbours benefits from regular and significant funding from MHCLG and whilst the trustees have reason to believe this funding will continue throughout 2022, at the date of

approval of these financial statements there is indication, but no written confirmation, that this is the case. In light of this matter, Near Neighbours has received a letter of support from its parent company, Church Urban Fund (CUF), that in the event of funds not materialising CUF will support the activities of Near Neighbours in the short term to ensure that it continues as a going concern. This has been done on the basis that activities deemed to be essential to the continuation of the NN network support the overall mission of the CUF group including the retention of key staff working on the NN programme.

DELIVERING PUBLIC BENEFIT

Near Neighbours brings people together in diverse communities, helping them to build relationships and collaborate to improve the local community in which they live. Near Neighbours also financially supports and works with a wide range of community and faith organisations, all of which are working to bring communities together.

The Trustees have reviewed the guidance on public benefit issued by the Charity Commission each year and consider that Near Neighbours' aims and activities, as set out above, fulfil the criteria. The Trustees do not anticipate any future change to this operational approach.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

Near Neighbours is both a company limited by guarantee (Registration Number 07603317) subject to the Companies Act 2006 and a charity registered with the Charity Commission (Charity Number 1142426). It is governed by its Memorandum and Articles of Association dated March 2011.

Governance Structure

The Directors of the company are known as Trustees. The Articles of Association allow for up to thirteen Trustees, six being nominated by the Archbishops' Council and seven by CUF. The Trustees meet four times during the year to review strategy and operational and financial performance in conjunction with the Executive Director and Programme Director. The Trustees are listed on page 2 of this report.

None of the Trustees receive any remuneration or benefits from Near Neighbours. Expenses reclaimed by the Trustees during the year are set out in note 5 to the Financial Statements.

Trustee Induction and Training

All Trustees on appointment receive a detailed briefing on the Memorandum & Articles of Association, the objectives of the programme and the agreements with CUF, the MHCLG and delivery partners.

Trustees are also given the opportunity to visit projects and are kept abreast of developments at each Board meeting through a detailed progress report by the Programme Director and a cycle of presentations by partners.

Management and Organisational Structure

The day-to-day management and delivery of the Near Neighbours programme is delegated to the Executive Director of CUF and the Programme Director who is managed by the Executive Director. The Programme Director works closely with other members of CUF's staff team (its ultimate parent company). Formal reporting by the Programme Director to the Board takes place regularly throughout

the year.

Principal Risks

The trustees have considered the key potential risks facing the Near Neighbours programme and how they are managed which are outlined below:

Potential Risk	Management
Failure to secure long-term future funding for the Programme	Diversifying our income streams by pursuing a number of different funders Major grant funders are actively managed by CUF
Loss of key relationship including local partnership and influencers	Management by CUF and overseen by the board of Trustees
Reputational risk from adverse publicity	Advice and support available from CUF and through the Church of England Local and national media coverage are monitored on an ongoing basis Robust agreements in place providing clarity on expectations and delivery

Key Management Personnel Remuneration

The Trustees consider that the Board of Trustees, the Executive Director and the Programme Director comprise the key management personnel of the charity in charge of directing, controlling, running and operating the charity on a day-to-day basis. All Trustees give their time freely and none of the Trustees received remuneration in the year. Details of expenses reclaimed are set out in note 5 to the Financial Statements and related party transactions are disclosed in note 12 of the accounts.

The salary of the Programme Director is reviewed annually and normally increased in accordance with inflation. In view of the nature of the charity, the Trustees benchmark against pay awards in similar charitable organisations. The Trustees of CUF set the salary of the Executive Director as the role is shared between several charities, following a similar process.

Small Company Exemption

The company has taken advantage of the small company exemption, as it is within the threshold criteria. The accounts have been prepared in accordance with the special provision contained in the Companies Act.

FINANCIAL REVIEW

Income

Income for the year to 31st December 2020 was £0.9m (2019: £1.96m), a decrease from the previous year. Income was largely received from Ministry of Housing Communities and Local Government, as well as other trusts restricted to the Near Neighbours programme.

Expenditure

The total expenditure on the three charitable activities was £1.0m (2019: £1.95m). The charitable activities together with their associated expenditure for the period are:

- **Building Networks:** £539k (2019: £600k) this expenditure principally reflects the grants to extend the capacity of the Local Presence and Engagement centres, set out in notes 3 and 6 to the accounts.
- **Building Capacity** by these four activities:
 - Faith Leaders - £25k (2019: £128k)
 - Young Leaders - £81k (2019: £127k)
 - Real People Honest Talk - £90k (2019: £266k)
 - Places of Welcome - £13k (2019: £0k)

This expenditure principally reflects the grants to our partners, set out in notes 3 and 6 to the accounts.

- **Creating Engagement:** £253k (2019: £824k) represents Near Neighbours Small Grant Fund, as set out in note 4 to the accounts.

Reserves and Reserves Policy

All reserves are treated as restricted and any reserves held at the year-end represent funds set aside for future programmes. There was a £96k balance in reserves at 31st December 2020 (2019: £197k).

THE TRUSTEES' RESPONSIBILITY FOR PREPARING ANNUAL FINANCIAL STATEMENTS

The law applicable to charities in England and Wales requires the Trustees to prepare annual financial statements for each financial year that give a true and fair view of the Charity's financial activities during the year and state its surplus or deficit for the year and its financial position at the end of that year. In preparing annual financial statements, the Trustees have followed best practice and:

- Selected suitable accounting policies and applied them consistently
- Made judgments and estimates that are reasonable and prudent
- Followed applicable Accounting Standards and Statements of Recommended Practice
- Prepared the annual financial statements on the going concern basis.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the Charity's assets and for taking reasonable steps to prevent and detect fraud and other irregularities. The Trustees have overall responsibility for ensuring that the Charity has appropriate systems of control, financial and otherwise.

Each of the trustees at the date of approval of this report confirms that:

- So far as the Trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware and
- The Trustees have taken all the steps that they ought to have taken as Trustees to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

Auditors

A proposal for Mazars reappointment will be put to the Board in 2021.

Approved by the Trustees on 7 September 2021 and signed on their behalf by:



Sue Chalkley OBE, Chair of Trustees

Independent auditor's report to the members of Near Neighbours

Opinion

We have audited the financial statements of Near Neighbours (the 'charity') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2020 and of its income and expenditure 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 Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 11, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the charity and its activities, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to Covid-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006 and the Charities Statement of Recommended Practice.

We evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to use of restricted and endowment funds, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the trustees and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members 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 members as a body for our audit work, for this report, or for the opinions we have formed.

Signed: 
Stephen Mills (Sep 27, 2021 17:26 GMT+1)

Name:

Stephen Mills

for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
6 Sutton Plaza, Sutton Court Road, Sutton, Surrey, SM1 4FS
Date: 27-Sep-2021

NEAR NEIGHBOURS

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31st December 2020

		Restricted Funds 2020	Restricted Funds 2019
	Notes	£'000	£'000
INCOME & EXPENDITURE			
Income from Charitable activities	2	900	1,955
Total Income		900	1,955
Expenditure on Charitable activities:	3		
Building Networks		539	600
Creating Engagement	4	253	824
Building Capacity			
Faith Leaders		25	128
Young Leaders		81	127
Real People Honest Talk		90	266
Places of Welcome		13	0
Total expenditure		1,001	1,945
Net (Expenditure) / Income		-101	10
Total Funds brought forward		197	187
Total Funds carried forward		96	197

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006 and the Financial Reporting Standard (FRS 102). All activities relate to ongoing operations.

The notes on pages 19 to 22 form part of these financial statements.

NEAR NEIGHBOURS

BALANCE SHEET AS AT 31 DECEMBER 2020

COMPANY NUMBER 07603317

	Notes	2020		2019	
		£'000	£'000	£'000	£'000
CURRENT ASSETS					
Cash at bank		22		11	
Amount due from parent charity		93		207	
			115		218
CURRENT LIABILITIES					
Creditors: Amounts falling due within one year	9	19	19	21	21
NET CURRENT ASSETS			96		197
NET ASSETS			96		197
FUNDS					
Restricted Funds	10		96		197
TOTAL FUNDS			96		197

The charity has taken advantage of the small companies exemption as it meets the threshold criteria. The accounts have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006.

Approved by the Trustees on 2 August 2021 and signed on their behalf by

Sue Chalkley OBE 

The notes on pages 19 to 22 form part of these financial statements.

NEAR NEIGHBOURS

STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	2020		2019	
	£'000	£'000	£'000	£'000
Reconciliation of net movement in funds to net cash flows from operating activities				
Net (Expenditure) / Income for the reporting period (as per statement of financial activities)		-101		10
Adjustments for:				
Decrease in debtors	114		5	
(Decrease) in creditors	-2		-5	
		112		0
Net cash provided by operating activities		11		10
Change in cash and cash equivalents in the reporting period		11		10
Cash and cash equivalents at the start of the reporting period		11		1
Cash and cash equivalents at the end of the reporting period		22		11

The notes on pages 19 to 22 form part of these financial statements.

NEAR NEIGHBOURS

Notes to the Financial Statements for the year ended 31 December 2020

1. Accounting Policies

a. Basis of accounting

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes(s) to these accounts.

The 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) approved on 2 October 2019 (effective 1 January 2019) and the Companies Act 2006. The charity constitutes a public benefit entity as defined by FRS102.

The trustees have considered the activities, together with the factors likely to affect its future development, performance and financial position to determine whether Near Neighbours financial statements can be prepared on a going concern basis. The forecasts and projections, taking account of reasonably possible changes in charity performance and the potential impact of the Covid-19 coronavirus, show that the charity should be able to operate within the level of forecast cash resources.

It is recognised that Near Neighbours benefits from regular and significant funding from MHCLG and whilst the trustees have reason to believe this funding will continue throughout 2022, at the date of approval of these financial statements there is indication, but no written confirmation, that this is the case. In light of this matter, Near Neighbours has received a letter of support from its parent company, Church Urban Fund (CUF), that in the event of funds not materialising CUF will support the activities of Near Neighbours in the short term to ensure that it continues as a going concern. This has been on the basis that activities deemed to be essential to the continuation of the NN network support the overall mission of the CUF group including the retention of key staff working on the NN programme.

b. Income recognition

Church Urban Fund receives funds from the Ministry of Housing, Communities and Local Government (MHCLG) which is then passed to Near Neighbour and used to administer the programme in accordance with the agreement between Church Urban Fund and Near Neighbours.

c. Support costs

Support costs comprise of costs relating to statutory audit and legal fees together with an apportionment of general overheads. Support costs relating to charitable activities have been apportioned based on staff time spent on each activity as analysed in note 8.

In addition to the costs incurred directly in the course of each charitable activity, Near Neighbours also incurs support costs that are necessary to enable it to carry out its activities. These costs are apportioned to activities based on the time spent on each.

d. Charitable activities

The costs of charitable activities include grants made, governance costs and an apportionment of support costs as shown in note 3.

e. Grants

Delivery Partners submit quarterly returns against budget before they are paid future funding as unspent amounts in one year would result in a reduction of grant in the next. The grants are charged to the Statement of Financial Activities once funds have been transferred to the recipient's account. Payments are made on behalf of Partners where there is an absence of a operational bank account due to a delay in the setting up of the account.

The grant to Church Urban Fund to administer and make awards under the Small Grants Programme is charged to the Statement of Financial Activities once the funds have been committed.

f. Pensions costs

The charity operates a defined contribution pension scheme, Church Urban Fund Pension Plan with Legal and General. The pension charge represents the amount payable by the charity to the scheme in respect of the year to which they relate and are included within staff costs (note 5).

g. Fund accounting

Restricted funds are funds subject to the specific restrictive conditions imposed by donors.

2. Income from Charitable activities

	2020 £'000	2019 £'000
Income from Charitable Activities - MHCLG via Church Urban Fund	850	1,905
Income from Charitable Activities		
Other Income	50	50
	900	1,955

Income from Charitable Activities - MHCLG via Church Urban Fund represents the grant from the Ministry of Housing, Communities and Local Government (MHCLG) to Church Urban Fund in respect of the Near Neighbours Programme. The grant is passed to Near Neighbours who administers the overall programme based on the agreement between Church Urban Fund and Near Neighbours. Near Neighbours then makes a grant to Church Urban Fund to administer and make awards under the Small Grants Programme - 'Creating Engagement'. In addition Near Neighbours reimburses CUF for other programme costs.

Income from Charitable Activities - Church Urban Fund and Other Income represents funding granted by Church Urban Fund for the Near Neighbours programme.

3. Expenditure on Charitable activities

	Staff Costs £'000 (note 5)	Grants £'000 (note 6)	Other Direct Costs £'000 (note 7)	Support and governance costs £'000 (note 8)	2020 Total £'000	2019 Total £'000
Charitable Activities						
Building Networks: Local Presence and Engagement Centres	107	414	3	15	539	600
Creating Engagement: Small Grants (note 4)	56	187	2	8	253	824
Building Capacity						
Faith Leaders	8	16	0	1	25	128
Young Leaders	54	18	2	7	81	127
Real People Honest Talk	61	19	1	9	90	266
Places of Welcome	12	0	0	1	13	0
Total expenditure	298	654	8	41	1,001	1,945

Support costs have been allocated to activities in proportion to staff time incurred in each activity area.
Total expenditure includes audit fees for the year of £16k (Statutory audit £12k and MHCLG grant audit £4k)
Total for 2019 was £10k (Statutory audit £6k and MHCLG grant audit £4k).

4. Creating Engagement: Small Grants

	2020 £'000	2019 £'000
Grants awarded	198	762
Less writebacks of awards	-11	-11
Net grants awarded	187	751
Other costs (incl. Salaries, travel, evaluation)	66	73
Total Costs	253	824

Writebacks of awards represent grants awarded which have been wholly or partly unclaimed.

5. Staff Costs

	2020 £'000	2019 £'000
Salaries	111	115
Social Security	12	12
Pensions	10	10
	<u>133</u>	<u>137</u>
Staff Costs allocated by Church Urban Fund and reimbursed by Near Neighbours in respect of programme, financial and communications management	116	120
Staff costs for small grants administration	<u>49</u>	<u>59</u>
	<u>298</u>	<u>316</u>

Near Neighbours had 1 full time members of staff (2019: 4).
1 staff emoluments for the year exceeded £60k (2019: nil).

The key management personnel of the charity is comprised of the trustees, the Executive Director and Programme Director.

Key management personnel were remunerated £80k (2019: £79k).

None of the Trustees received any benefits from employment with the charity in the year (2019: nil)

Expenses incurred in attending meetings and on other business of Near Neighbours were reimbursed to Trustees as follows:

	2020 No.	£'000	2019 No.	£'000
Travel, subsistence and other expenses	<u>2</u>	<u>0</u>	<u>3</u>	<u>1</u>

6. Grants

	2020 £'000	2019 £'000
Building Networks: Local Presence and Engagement Centres		
Wellsprings Together, Bradford, Leeds & Dewsbury	46	49
Centre for Theology and Community, London	45	51
Thrive Together Birmingham	47	49
St Philip's Centre, Leicester	30	55
Transforming Notts Together, Nottingham	11	0
Kings Centre, West London	42	49
Transforming Communities Together, Black Country	44	45
Greater Together Manchester, Rochdale & Bury	44	46
Together Lancashire, Burnley	16	50
Grassroots, Luton	46	49
Peterborough	<u>43</u>	<u>51</u>
	414	494
Building Capacity: Faith Leaders		
Christian Muslim Forum	8	22
Nisa Nashim	4	26
Council of Christians & Jews	4	17
Hindu Christian Forum	<u>0</u>	<u>6</u>
	16	71
Building Capacity: Young Leaders		
Catalyst Programme	<u>18</u>	<u>34</u>
	18	34
Building Capacity: Public Space		
Real People Honest Talk	13	201
Leadership for Effective Change	<u>6</u>	<u>0</u>
	19	201
Building Capacity: Community		
Places of Welcome Grant	<u>0</u>	<u>0</u>
	0	0
Creating Engagement: Small Grants (note 4)	<u>187</u>	<u>751</u>
Total Grants	<u>654</u>	<u>1,551</u>

7. Other Direct Costs

	2020 £'000	2019 £'000
Evaluation	0	6
Communications & Development	8	37
Trustees Expenses	0	1
	<u>8</u>	<u>44</u>

8. Support costs

	2020 £'000	2019 £'000
Professional Costs	4	0
Audit	16	10
Office costs	15	2
Travel & Subsistence and Recruitment	6	22
	<u>41</u>	<u>34</u>

9. Creditors (amounts falling due within one year)

	2020 £'000	2019 £'000
Accruals	13	7
Other Creditors	6	14
	<u>19</u>	<u>21</u>

10. Restricted Funds

	Balance at 1/1/20 £'000	Income £'000	Expenditure £'000	Balance at 31/12/20 £'000
Near Neighbours Programme	<u>197</u>	<u>900</u>	<u>1,001</u>	<u>96</u>

All incoming grants are restricted to expenditure on the Near Neighbours programme.

The total net assets of the charity continue to be represented by the single restricted fund.

11. Ultimate Parent Company

The ultimate parent charity is Church Urban Fund, a company and charity registered in England. Copies of the group accounts can be obtained from Church Urban Fund, The Foundry, 17 Oval Way, London SE11 5RR.

12. Related Party Transactions

During the year, Near Neighbours entered into the following transactions with its parent company CUF: CUF received the full amount of grant from MHCLG of £850k (2019: £1.9m) and passed this over to Near Neighbours to deliver the programme.

At the year end, there was £93k (2019: £207k) intercompany balance owed by CUF.

Sue Chalkley OBE is both a trustee of Near Neighbours and Church Urban Fund

Listed below are grants made where there is a commonality of trusteeship as between Near Neighbours and the recipient charity.

All of these grants were made in the normal course of the charity's business in pursuit of its charitable objectives.

Name	Related party/Recipient entity	Trustee of	Grant 2020	Grant 2019
Reverend Canon Denise Poole	Wellsprings Together	NN	£46k	£62k
Reverend Mark Poulson	Trustee of The Kings Centre Southall	NN	£42k	£63k