



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 £'000 (note 5)	Grants £'000 (note 6)	Other Direct Costs £'000 (note 7)	Support and governance costs £'000 (note 8)	2021 Total £'000	2020 Total £'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