



**TRUSTEES' REPORT
AND FINANCIAL STATEMENTS**

For the year ended 31 December 2023

Company Number: 07603317
Charity Number: 1142426

CONTENTS

Trustees, Officers and Advisers	2
Introduction from Chair of the Trustees	3
Report of the Trustees	4
• Review of 2023	5
• Future plans	8
• Delivering public benefit	8
• Structure, Governance and Management	11
• Financial Review	12
• The Trustees' Responsibility for preparing Annual Financial Statements	12
Independent Auditor's Report	13
Statement of Financial Activities	17
Balance Sheet	18
Statement of Cash Flows	19
Notes to the Financial Statements	20

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:

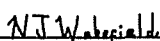
- Making enquiries of the Trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing 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 £'000 (note 5)	Grants £'000 (note 6)	Other Direct Costs £'000 (note 7)	Support and governance costs £'000 (note 8)	2023 Total £'000	2022 Total £'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.