

# **NEAR NEIGHBOURS**

## **Bringing People Together**

**TRUSTEES' REPORT  
AND FINANCIAL STATEMENTS**

**For the 12 months ending 31 December 2012**



## NEAR NEIGHBOURS – TRUSTEES, OFFICERS AND ADVISERS

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## AN INTRODUCTION TO NEAR NEIGHBOURS

Near Neighbours brings people together who are near neighbours in communities that are diverse, so they can get to know each other better, build relationships and collaborate together on initiatives that improve the local community they live in.

In some parts of England where there is deprivation, several different faith communities living alongside each other. The people within these neighbourhoods may share the aspiration to make things better but do not come together to talk about their common concerns or work collaboratively. There is a desire for change, but the capacity of the community to work together is often undeveloped and resources limited.

Near Neighbours was created in this context by Church Urban Fund and the Archbishops' Council following the award of £5m by the Department for Communities and Local Government (DCLG) in February 2011. Church Urban Fund, the Church of England's poverty relief charity has been working for more than 25 years in the most deprived areas of the country, including multi-faith communities.

**The Near Neighbours programme has two main objectives:**

**Social interaction** – to help people from multi-faith areas get to know and understand each other better and develop positive relationships that provide a foundation to work together

**Social action** – to encourage people of different faiths, or no faith, to come together for initiatives that improve their local neighbourhood

Near Neighbours is focused on Leicester, Birmingham, East London and the northern conurbations of Burnley, Bradford and Oldham, where there are many deprived multi-faith neighbourhoods. The programme is co-ordinated in these four areas by a local Church of England Presence and Engagement Centre already working in partnership in these communities. These centres were established to equip Christians for mission and ministry in a multi-faith context.

## WHAT WE DO

Near Neighbours works to advance its objectives of social interaction and social action in five main ways:

- Making grants of up to £5,000 through the Near Neighbours small grants fund to help people of all faiths and none, meet for the first time, build relationships and initiate social action together. We call this 'money for local action'.
- Developing skills and capacity by:
  - creating new opportunities for faith leaders to come together and broaden their skills and their understanding of other faiths
  - encouraging and nurturing emerging young leaders in faith communities by bringing them together and giving them a place where they can reflect on their faith and communities
  - supporting and inspiring local people by funding community capacity builders who help them get local activities up and running to improve their own neighbourhoods



- Extending the reach and depth of the four Local Presence and Engagement Centres. We call this 'developing the network'.

## HOW WE WORK

Near Neighbours, working with Church Urban Fund, brings together a diverse group of partners to deliver a wide range of activities that build relationships between people of different faith backgrounds and none, creating opportunities for ongoing engagement that enable social action.

We harness the expertise and existing infrastructure of the Church and our partners to extend their work to help achieve these goals. Each local Presence and Engagement Centre functions as a hub for the Near Neighbours' activities in its area. We fund a Coordinator who works out of each centre, supports its activities and spreads the word about the Near Neighbours programme and the events and grants available through its partners and the small grants fund respectively.

Church Urban Fund administers the overall programme, manages the small grants fund, and works in partnership with Near Neighbours staff and partners to ensure the organisation stays on budget and is delivering its promises.

## MONEY FOR LOCAL ACTION

The small grants fund is a programme, awarding grants from £250 to £5,000, which is targeted at creating new relationships in local communities across boundaries of faith and ethnicity. It is a rolling programme with no deadlines that is scheduled to run until March 2014.

The fund seeks to tap into existing desires to bring change to communities by supporting local initiatives that are organised, run by and directly benefit local people. It encourages creative approaches to bringing people together and the projects and activities it supports are all driven from the grassroots level.

**Projects that meet one or more of the following criteria are eligible for funding:**

- **First Encounters** created between people of different faith and ethnic communities and encouraging the development of friendship and neighbourliness — these encounters can be key moments of transformation in a neighbourhood
- **Everyday Interactions** created in community life by encouraging families and individuals to come together regularly, for example eating together, participating in religious and other festivals, or children playing together in a neighbourhood
- **Social Action** created to bring together people from different faith and ethnic communities so they can work together to change their neighbourhoods for the better

Beneficiaries can be from all faiths or none, and it is possible for the same locality or group to be awarded more than one grant, especially as it progresses from First Encounters, to Everyday Interactions, to initiating Social Action.

The Near Neighbours Coordinator and staff at the local Presence and Engagement Centres provide support and advice on how to make an application. Eligibility is restricted to projects within the areas covered by the four centres, located in Birmingham, Bradford, East London and Leicester.



Applications are forwarded on to Church Urban Fund for assessment and processing, and a quick review process turns around decisions in 14 days at the most.

## **THE LOCAL PRESENCE AND ENGAGEMENT CENTRES**

### **The Faithful Neighbourhoods Centre (Birmingham)**

The Faithful Neighbourhoods Centre resources Christians living in a multi-faith city and is a place where people of all faiths, and none, can meet one another and find ways of working together to improve and strengthen their local areas.

### **Bradford Churches for Dialogue and Diversity (Bradford)**

Bradford Churches for Dialogue and Diversity works for the benefit of faith communities by promoting mutual understanding, relationships and the potential of working together. It runs courses, projects and activities that bring together people of different faiths, helping people to build the skills, confidence and knowledge that multi-faith communities need to thrive.

### **Contextual Theology Centre (East London)**

The Contextual Theology Centre exists to help local Christians connect their faith more deeply with their daily life and work — and in particular to act with neighbours of different faiths (and none) to help transform their communities. The Centre grows out of local churches' engagement in broad-based community organising.

### **St Philip's Centre for Study and Engagement in a Multi Faith Society (Leicester)**

The St Philip's Centre for Study and Engagement promotes positive community relations through dialogue groups, charitable activities and by organising community events. The centre provides training opportunities for Christians and those of other faiths, helping individuals and churches to become confident and engaged with their multi-faith communities.



## OUR PARTNERS

### Faith Leadership

#### **Hindu Christian Forum**

The Hindu Christian Forum strengthens relationships of trust, respect and understanding between the Hindu and Christian communities at national and local levels. It speaks out on matters of common concern, and supports the contributions that faith groups make in the public sphere.

#### **Christian Muslim Forum**

The Christian Muslim Forum works to build open, honest and committed relationships between leading Christians and Muslims, encourages shared reflection on the spiritual, ethical and practical values of the two traditions, and builds a shared public platform to strengthen Christians and Muslims working together for the common good in partnership with others.

#### **Council of Christians and Jews**

The Council of Christians and Jews works with Christians, Jews and members of other faith communities who are approaching inter-faith dialogue. It works to create constructive dialogue on a wide variety of topics and helps engage people of all faiths and none.

### Community Organising Capacity Building

#### **Nehemiah Foundation**

The Nehemiah Foundation operates a comprehensive training programme that, over a two-year period, equips community workers to assess the needs of their communities and draw people together to take action.

### Youth Leadership

#### **Catalyst**

Catalyst runs workshops that bring together young people under the age of 30 from different faith backgrounds to develop their leadership skills as a springboard to designing and delivering a Near Neighbours-funded event in their own community.

#### **The Feast**

The Feast is a Birmingham-based Christian charity that brings together young Christians and Muslims to explore their faith, create friendships and empower them to spearhead social change where they live.



## OUR ACHIEVEMENTS IN 2012

"Through the Government's £5 million investment in the Church Urban Fund's Near Neighbours programme, we are putting our money where our mouth is - not through a top-down intervention but by using the existing infrastructure of the Church of England to build productive local relationships between people of different faiths in four key geographical target areas. People of any religious background will be able to bid for that fund through their local Anglican parish, to run projects that improve their local neighbourhoods with people from all faiths working alongside each other. The programme is an excellent example of partnership working."

Baroness Sayeeda Warsi,  
Minister for Faiths and Communities

House of Lords September 8<sup>th</sup> 2012

The Queen's Diamond Jubilee offered communities around the country the opportunity to come together and celebrate their neighbourhoods. Near Neighbours supported many of these initiatives to bring people together in diverse inner city areas and helped them get to know their neighbours better.

In Birmingham, Near Neighbours supported **St Christopher's Church** in Springfield to organise a community lunch to build bridges with the **Jamatia Islamic Centre** on the other side of the road. The local vicar, Reverend Tom Thomas, found that by planning the event in consultation with the mosque, new relationships were formed between key leaders at both institutions, and he says 'it was especially good to see senior members of the mosque attending the event and giving it their blessing'.

However, the event wasn't limited to Muslims and Christians; a local Sikh family who attended spent time getting to know members of the church for the first time and were made to feel welcome guests, as were other residents who did not identify with a particular faith group. 'Coming together under the banner of the Jubilee helped everyone feel equally valued members of the community and able to converse as friends and neighbours', says Tom, 'these new relationships open up possibilities for the future which are encouraging and exciting'.

Elsewhere, **Hand in Hand Women's Centre** organised a street party for its local community in Leicester. Entertainment included a gospel choir and bhangra singers. 'It was a great way of celebrating being British, but with lots of different cultures thrown into the mix', says Anisha Karolia who helped organise the party. Over 200 people of various faiths attended, including the city's Mayor who was 'overwhelmed with the positive response', Anisha said.

Nearby the **Sikh Community Centre** held a street party together with other faith groups who helped plan the event. 'Because different faiths were involved from the beginning, others felt comfortable participating,' says Surinder Kaur Barth who works at the Centre. New relationships between people from different backgrounds were forged so that 'it was more like one big family than individual communities doing their own event.'

Near Neighbours enabled around 20 similar events to take place in London, Bradford, Birmingham, Keighley, Leicester, and Burnley over the long Jubilee weekend. Local residents got to know one another better, and people spent time sharing food and talking with neighbours who they might not otherwise



have mixed with. The Jubilee may be over, but the new relationships to emerge from these celebrations will be the lasting legacy for our communities.

Our partners worked hard to deepen interfaith engagement and to develop skills and capacity within each of the four areas in which Near Neighbours works. This enabled a raft of activities, day events, residential, and projects bringing people together to change their communities for the better.

## NEAR NEIGHBOURS-SUPPORTED PARTNER ACTIVITIES IN 2012

### Local Presence and Engagement Centres

In each of the four local Presence and Engagement Centres, the Near Neighbours Coordinators initiated interfaith engagement and activities and worked hard to tell their communities about the programme and fund. Here are some of the activities which took place.

#### **St Philip's Centre for Study and Engagement in a Multi Faith Society (Leicester)**

In the summer of 2012 there was a celebration of work funded in Leicester by Near Neighbours and the first Catalyst young leaders cohort in Leicester received their certificates. The Leicester Coordinator devised a series of worksheets and case studies to assist projects to think about fundraising and how to make projects more sustainable. A day workshop was piloted in November using these materials.

Leicester Inter Faith Youth Hub ran an intergenerational project, funded by Near Neighbours, which involved local young people from different faith backgrounds and elderly Christian people from the St Philip's church community. Many of these people had not met one another before even though they live in the same area and use the church hall at different times. The three sessions gave them an opportunity to meet and get to know each other. They are now familiar with one another on a first name basis and have the opportunity to learn a bit about their different faiths and lives in the Evington part of the city. After the two initial arts and crafts sessions this summer between the young people and the elderly, the young Muslims invited the elderly to join with them in an iftar in the church hall. This was the first time that the elderly had been invited to break the fast with young Muslims. In addition to sharing food and listening to prayers before the iftar one young person told the group what Ramadan meant to them and then one elderly Christian told the group what Lent meant to them. This was a very special occasion where not only different faith perspectives were shared but also two generations of people interacted and learnt from one another.



### **Contextual Theology Centre (East London)**

In July 2012 CTC held a multi-faith event for young people, in Southwark, making banners and doing games, and then watching on the steps to see the Olympic Torch process past. Then young people from the Rockingham Youth group - who had received Near Neighbours funding – hosted an impromptu question time, quizzing Baroness Hanham, a Minister in the DCLG, about the work of the Department.

Darul Ummah Mosque worked with a local church to reduce anti-social behaviour taking place in the local community during the month of Ramadan. Sadly some Muslim children and youths are unsupervised and roam around the mosque area and park causing nuisance and anti-social behaviour. This year the mosque together with local church leaders, community leaders and youth workers, sat together and had a number of meetings to work out how to tackle and address the issue. During Ramadan, a team of volunteers from the churches and the mosque worked together side by side to approach and engage young people who were causing anti-social behaviour and diverted them to more positive activities in the park or at a local youth centre which had agreed to stay open late.

### **Bradford Churches for Dialogue and Diversity (Bradford)**

In 2012 the centre organized three events to bring projects funded by Near Neighbours together in Oldham, Burnley and Bradford.

Otley Road and Barkerend Environment Project (ORBE) enabled a minibus full of Asian Muslim boys from inner city Bradford to be transported to Settle in the Yorkshire Dales to spend a residential weekend away in a bunk house barn with a group of girls from Settle. During the weekend the young people did environmental art projects, caving and orienteering, and prepared and shared meals together. During all the different activities the girls and boys got to know each other. Both were really surprised at how the other group lived and the vast difference between them. Even though they were so different they all got on and have stayed in touch and the hope is that the girls will come to Bradford and be hosted by the boys in the future.



### **Faithful Neighbourhoods Centre (Birmingham)**

In 2012 the centre organized an Olympic celebration and breakfast with music, food and a faith commitment ceremony, attended by 1,000 local people. It also had a photography exhibition, 'Faithful Friends', bringing people together for the Launch in November. This exhibition highlighted friendships made through the Near Neighbours programme.

The Laughing Sole project brought young people together to do comedy workshops and a performance. It focused on enabling new encounters to take place between young people from different faith groups. This was their first contact and through the project relationships and friendships were built. With comedy as the starting point the young people explored a number of themes. Throughout the week conversations developed around the context of jokes, stereotypes of their faiths, what both the Bible and the Qu'ran say about not using humour to put one another down, and the use of humour to make a point or expose a truth. One participant said, "It helped me explore deeper things that I wouldn't normally think about in life." Another said, "it made me think about what other people might think about our faith through humour." One audience member said, "more communities should get together and do more of this more often."

## **DEVELOPING SKILLS AND CAPACITY**

### **Faith Leadership**

#### **Hindu Christian Forum**

A day event was held at a temple in London in March and then a day for young people took place at an Ilford temple (London) in November.

#### **Christian Muslim Forum**

A residential event was held in March for women from Near Neighbours areas, and a report written, *Come to the Edge*, which was then launched at a series of evening or afternoon events for women in Burnley, Bradford, Leicester, London and Birmingham; around 40 women attended each one. There were also residential events for Christian and Muslim leaders of both sexes in London and Bradford.

#### **Council of Christians and Jews**

A course was arranged at a synagogue in Wanstead for Christians and Jews to learn Hebrew together. This was 6 Tuesday evenings from November 6<sup>th</sup>. In addition a Jewish Christian study day was held in Leicester during Inter-Faith week.



## Youth Leadership

### **Catalyst**

Catalyst Young Leaders programmes took place in Leicester, London, and Burnley, and a cohort was launched in Birmingham. The participants included Christian, Hindu, Muslim, Sikh and Buddhist young people, and the workshops and residential built confidence and equipped these potential and actual leaders to initiate social action in their communities in a context of multi-faith co-operation and understanding.

### **The Feast**

The Feast youth project in Birmingham brought together Christian and Muslim teenagers to build friendships, explore faith and change lives. The project won two awards – from Youthwork magazine and from the Archbishop of York's Youth Trust. They began work expanding into new areas where Near Neighbours is operating, East London and Bradford, and in December advertised for a new worker in Bradford.

## Community Capacity Building

### **Nehemiah Foundation**

In 2012 the equivalent of 12 full time Near Neighbours community workers, recruited and managed by the Nehemiah Foundation, and hosted by local faith communities, began work in Birmingham, Bradford, Burnley, Leicester, London and Oldham, analyzing their community and its needs, having first meetings between people of different faiths, encouraging ongoing activities between them and fostering an increased desire for social action. They began to initiate projects and local action, including a stone carving workshop in Oldham, a young peoples' café and drop-in in London, and setting up a women's group involving Nigerian, Somali and white women of different faiths in Birmingham.



## THE NEAR NEIGHBOURS FUND

Between 1<sup>st</sup> January and 31<sup>st</sup> December 2012, the Near Neighbours Small Grants Programme received 432 applications. Grants totaling £890K were awarded to 287 projects, with the average grant being a little over £3,000.

Breakdown of grants awarded in 2012:

	Number of grants awarded	Total value of grants awarded £'000
Birmingham	78	245
Bradford, Burnley & Oldham	96	308
East London	69	218
Leicester	36	95
Other	8	24
<b>Total</b>	<b>287</b>	<b>890</b>

We reviewed the Near Neighbours grants programme in May 2012, looking at the first year of operation and our management of the process, and also did an evaluation of the programme in November 2012 by analysing returns from the projects who participated in the monitoring.

## IMPACT

Two case studies were produced about the work Near Neighbours had funded, in Leicester, and Walthamstow, London, and two films were produced, about projects funded in Balsall Heath, Birmingham, and in Leicester.

Work continued into the evaluation of Near Neighbours. The New Economics Foundation conducted a second round of participant questionnaires in the towns and cities where Near Neighbours is working. These were circulated through community organisations, charities and faith groups, and also house to house distribution in key streets. This provided positive feedback and showed the impact Near Neighbours is already having. Their reports are available on the Near Neighbours website.

A consultant was also commissioned to look at three small neighbourhoods where Near Neighbours community workers are based, through our partners the Nehemiah Foundation. This involved workshops and interviews, to provide a baseline of the aspirations, hopes and views of a sample of people of different faiths involved in their community. This is also on our website.



## OUR PLANS FOR THE FUTURE

In 2013 our work will build on the success of 2011-12. We seek to extend and deepen the interactions between different faith groups and encourage them to begin practical action to improve their communities.

We will continue to reach out to small groups and encourage them to apply for grants; specifically, encouraging more grant applications from groups that can be hard to reach — minority faith groups and groups of individuals who have not previously worked together.

Near Neighbours will continue to demonstrate how the organisations and projects it funds are bringing people of different faiths and none, together, both increasing the number of relationships within a community and the number of projects undertaken by those people. This will be informed by findings from the New Economic Foundation.

### NEAR NEIGHBOURS-SUPPORTED PARTNER ACTIVITIES IN 2013

#### Local Presence and Engagement Centres

Near Neighbours Coordinators in each of the four centres will continue generating contacts and informing their communities of the opportunities provided by Near Neighbours and its partners. In addition, the Coordinators will be supporting the following work running out of each centre:

**St Philip's Centre for Study and Engagement in a Multi Faith Society (Leicester)** - will hold a series of events on fundraising and sustainability for projects. These events will be free for Near Neighbours funded projects and for Nehemiah workers.

**Contextual Theology Centre (East London)** - will be developing work and partnerships in Southwark Diocese, particularly in Plumstead. They will also be working more extensively in the borough of Redbridge and encouraging minority faith groups based there to apply to Near Neighbours.

**Bradford Churches for Dialogue and Diversity (Bradford)** - will organise further events to bring those funded by Near Neighbours together to learn from good practice and share skills and knowledge. In addition they will be looking at the feasibility of beginning a women's network in Oldham.

**Faithful Neighbourhoods Centre (Birmingham)** - There are many small community organisations that can be hard to reach. In 2012, The Faithful Neighbourhoods Centre undertook a mapping exercise to help locate these organisations and let them know about Near Neighbours; in 2013 they will build on these links to encourage greater applications from small groups and minority faith groups. The 'Faithful Friends' exhibition will be touring places of worship with accompanying events.



## Capacity Building

We will continue to build skills and capacity:

- By creating new opportunities for Faith Leaders to come together through the events and work of Council of Christians and Jews, Christian Muslim Forum and Hindu Christian Forum
- By nurturing Young Leaders in faith communities, for example further Catalyst programmes will take place in Birmingham, Leicester, Keighley, Bradford, Oldham and London and the Feast will continue to work with young people in Birmingham and by diversifying their funding streams plan to extend their work to Bradford and East London
- Funding community capacity builders through the work of Nehemiah whose work will have a particular focus on developing sustainable plans for the on-going work needed in their communities

## FUNDING BEYOND MARCH 2014

Near Neighbours is funded by a £5m grant to Church Urban Fund from the DCLG. This funding is for the three years from 1<sup>st</sup> April 2011 to 31 March 2014. Church Urban Fund is currently seeking funding from the DCLG for 1 April 2014 onwards which is currently ongoing. These financial statements are prepared on a going concern basis on the assumption that additional funding from DCLG will be successful beyond March 2014. In the event that this additional funding is unsuccessful and the charity were to be wound-up, funds would be set-aside from existing DCLG funding to cover any closure costs that might arise.

## HOW OUR ACTIVITIES DELIVER 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 works in close partnership with and provides financial support to a group of four local Presence and Engagement Centres, each working to advance community building in an interfaith context; three National Faith Partners, each committed to increasing dialogue and collaborative work between people of different faiths and none; two youth programmes and one training programme.

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.

This work is strengthened through 'money for local action', the Near Neighbours small grants programme administered by Church Urban Fund. These grants fund small-scale community projects (up to £5,000) that create first encounters, foster everyday interactions or create civil engagement by bringing together people from different faith and ethnic communities.

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



## WHO SUPPORTS US

Near Neighbours is funded by a £5m grant to Church Urban Fund from the Department for Communities and Local Government.

Church Urban Fund provides vital support by using its considerable experience as a grant maker to administer the small grants fund. It receives a grant to do so from Near Neighbours and reviews applications, and makes awards in line with the overall objectives and criteria of the fund. Church Urban Fund also provides essential management functions including financial management and communications expertise.

A Faiths Advisory Panel gives advice and shares its perspectives on a range of matters both from the point of view of specific faith communities and from the general multi-faith context in which Near Neighbours works. The panel is comprised of members of the following faiths, albeit in their personal capacity: Baha'i, Buddhism, Christianity, Hinduism, Jainism, Judaism, Islam, Sikhism and Zoroastrianism, as well as a representative from the Inter Faith Network for the UK. The meetings of the panel are convened by Guy Wilkinson, Company Secretary of Near Neighbours Limited and co-chair of the Faiths Forum for London.



# STRUCTURE GOVERNANCE AND MANAGEMENT

## Governing Documents

Near Neighbours is both a company limited by guarantee (Registration Number 7603317) 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 Church Urban Fund.

The trustees meet four times a year. They have not established any board sub-committees but have established one 'working party' called the 'evaluation group', to oversee the work in this area on behalf of the Board.

None of the trustees receive any remuneration or benefits from Near Neighbours. Any expenses reclaimed are set out in note 9 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 Church Urban Fund, the Department for Communities and Local Government and delivery partners.

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

## Management and Organisational Structure

The day-to-day management and delivery of the Near Neighbours programme is the responsibility of the Programme Director who is supported by Church Urban Fund's Deputy Chief Executive and other members of Church Urban Fund's staff. Formal reporting by the Programme Director to the Board takes place regularly throughout the year.

## Risk

The trustees have considered and reviewed the risks facing the Near Neighbours programme throughout the year and a risk register has been compiled. This assigns responsibility to individuals to monitor and manage each individual risk and is reviewed by the Board at each meeting. The Board has noted that some level of risk will always exist and that any residual risk should be consciously accepted.



## FINANCIAL REVIEW

This is the first Annual Report & Accounts to cover a full 12 month period. Last year's report, to 31 December 2011, was for the first 9 months of operations. Comparatives are therefore for only a nine month period.

### Income

Total income for the year to 31 December 2012 was £1,925K (2011: £1,438K). All income was related to funding from the DCLG in respect of the Near Neighbours programme and was consequently restricted.

Income is received quarterly from Church Urban Fund and represents, in full, the funding it receives from the DCLG in respect of the programme. Funding varies from quarter to quarter in line with the agreement with the DCLG. The year to 31 December 2012 includes £200K of funding received in the first three months of 2012 which was in addition to that set out in the original agreement.

Near Neighbours administers the overall programme and in doing so makes a grant to Church Urban Fund to administer and make awards under the Small Grants Programme – 'Money for Local Action'. In addition Near Neighbours reimburses CUF in full for any other programme costs.

### Expenditure

Total expenditure was £2,074K (2011: £1,211K).

Near Neighbours has five charitable activities reflecting the five activities set out in the 'What We Do' section above. These are, together with their associated expenditure for the period:

- 'Money for Local Action', representing the grant to Church Urban Fund to administer and make awards under the small grants programme: £875K (2011:£412K). Following the launch of the Near Neighbours programme in April 2011, its small grants programme was launched in late August and the increase in the value of the grant reflects the fact that this is the first full year of operation. Note 4 of the financial statements sets out the awards, together with the associated costs of administration, which were made in the year by Church Urban Fund and which were funded by this grant.
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- Three activities relating to 'Developing the Skills and Capacity' of:
  - Faith Leaders: £117K (2011: £92K)
  - Young Leaders: £134K (2011: £106K)
  - Communities: £491K (2011: £238K)

This expenditure principally reflects the grants to our partners set out in notes 3 and 7.

- 'Developing the Network': £407K (2011:£325K). Similarly, this expenditure principally reflects the grants to extend the capacity of the Local Presence and Engagement centres set out in notes 3 and 7.

There are no costs for the generation of funds as funding for the programme was agreed at the outset



with the DCLG.

## Reserves

All reserves are restricted and at 31 December were £78K (2011: £227K).

## Reserves Policy

As noted above Near Neighbours has no unrestricted income or expenditure and there are no unrestricted reserves.

All income is restricted in accordance with the Near Neighbours programme and the funding agreement between Church Urban Fund Ltd and the DCLG. Restricted funds at 31 December 2012 represent unspent income received from Church Urban Fund Ltd for on-going programmes. Further income will be received over the remaining length of the agreement (which runs until 31 March 2014) to enable the charity to continue its programmes. The funding agreement covers the cost of management and administration.

## 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, 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 judgements 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:

1. So far as the trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware and
2. 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 resolution to re-appoint Mazars LLP as auditors will be proposed at the forthcoming annual general



meeting.

Approved by the trustees on 13 AUGUST 2013 and signed on their behalf by:

*Baroness Margaret Eaton*

*Eaton*

*Chairman of Trustees*



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEAR NEIGHBOURS

We have audited the financial statements of Near Neighbours for the year ended 31 December 2012 which comprise Statement of Financial Activities, the Balance Sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

## Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 18, the trustees (who are also the directors of the charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and report in accordance with that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. 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.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2012 and of its incoming resources and application of resources, including 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.

## Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1b to the financial statements concerning the charity's ability to continue as a going concern. These financial statements have been prepared on the going concern basis on the assumption that Near Neighbours will secure further funding from DCLG beyond 31 March 2014. As the outcome of the funding has yet to be decided, this indicates the existence of a material uncertainty which may cast significant doubt about the charity's ability to continue as a going concern. In the event that the bid for further funding is unsuccessful and the charity were to be wound-up, funds would be set-aside from existing DCLG funding to cover any closure costs



that might arise. The financial statements do not include the adjustments that would result if the charity was unable to continue as a going concern.

## Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

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

- the parent charity has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity's 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.

N J Wakefield

Nicola Wakefield (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Tower Bridge House, St Katherine's Way, London, E1W 1DD

Date 29 August 2013

Mazars LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.



## NEAR NEIGHBOURS

### STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31st December 2012

	Notes	Total	Total
		Year to 31 Dec 2012 Restricted £'000	9 months to 31 Dec 2011 Restricted £'000
<b>INCOME &amp; EXPENDITURE</b>			
<b>Incoming resources</b>			
Income from charitable activities	2	1,925	1,438
<b>Total incoming resources</b>		<b>1,925</b>	<b>1,438</b>
<b>Resources expended</b>			
<b>Charitable activities</b>			
Money for Local Action - Grant to Church Urban Fund	4	875	412
Developing Skills and Capacity:			
Faith Leaders		117	92
Young Leaders		134	106
Community		491	238
Developing the Network		407	325
<b>Total charitable activities</b>		<b>2,024</b>	<b>1,173</b>
Governance	5	50	38
<b>Total resources expended</b>	6	<b>2,074</b>	<b>1,211</b>
<b>Net (outgoing)/incoming resources for the year</b>		<b>-149</b>	<b>227</b>
<b>Balance brought forward at 1 January</b>		<b>227</b>	<b>0</b>
<b>Balance carried forward at 31 December</b>		<b>78</b>	<b>227</b>

The charity has no recognised gains or losses other than the net movement in funds for the year shown above. The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.



# NEAR NEIGHBOURS

## BALANCE SHEET AS AT 31 DECEMBER 2012

	Notes	2012		2011	
		£'000	£'000	£'000	£'000
<b>CURRENT ASSETS</b>					
Debtors		0		1	
Cash at bank		127		0	
Amount due from parent charity		0		275	
			127		276
<b>CURRENT LIABILITIES</b>					
Creditors: <i>amounts falling due within one year</i>	<b>10</b>	26		49	
Amount due to parent charity		23		0	
			49		49
<b>NET CURRENT ASSETS</b>			78		227
<b>NET ASSETS</b>			<b>78</b>		<b>227</b>
<b>FUNDS</b>	<b>11</b>				
Restricted			78		227
<b>TOTAL FUNDS</b>			<b>78</b>		<b>227</b>

Approved by the Trustees on 13 AUGUST 2013 and signed on their behalf by

Baroness Margaret Eaton..... Eaton 14/08/13

Paul Hackwood..... Paul Tomlin 14/08/13



## NEAR NEIGHBOURS

### Notes to the Financial Statements for the year ended 31 December 2012

#### 1 ACCOUNTING POLICIES

##### a. Basis of accounting

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the governing documents of the charity and UK applicable accounting standards comply with 'Accounting and Reporting by Charities', the Statement of Recommended Practice 2011 (SORP) and the Companies Act 2006. The financial statements are prepared on an accruals basis for the year from 1 January 2012 to 31 December 2012, compared to the previous reporting period of 9 months.

##### b. Going concern

Near Neighbours is funded by a £5m grant to Church Urban Fund from the DCLG. This funding is for the three years from 1st April 2011 to 31 March 2014. Church Urban Fund is currently seeking funding from the DCLG for 1 April 2014 onwards which is currently ongoing. These financial statements are prepared on a going concern basis on the assumption that additional funding from the DCLG will be successful beyond March 2014. In the event that this additional funding is unsuccessful and the charity were to be wound-up, funds would be set-aside from the existing DCLG funding to cover any closure costs that might arise.

##### c. Income recognition

All funds received by the Church Urban Fund from the Department for Communities and Local Government are passed to Near Neighbours as per the agreement between Church Urban Fund and Near Neighbours (which administers the programme), and recognised as income for that year. The total income received for the financial year to 31 December was £1,925K.

##### d. Grants

Delivery Partners need to submit quarterly returns before they are entitled to future funding as unspent amounts in one year would result in a reduction of income in the next. The grants are charged to the Statement of Financial Activities once funds have been transferred to the recipient's account.

Similarly, 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.

##### e. Governance

Governance costs comprise all costs identified as wholly or mainly attributable to ensuring the public accountability of the charity and its compliance with regulation. These costs include external audit and trustee costs.

##### f. Pensions costs

The costs of contributions to the defined contribution scheme are accounted for in the year to which they relate.

##### g. Support costs

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 upon the time spent on each.



**h. Fund accounting**

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

**i. Cash flow Statement**

Under Financial Reporting Standard 1(Revised), the charity is exempt from the requirement to prepare a cash flow statement on the grounds of its size.



## 2. Income from Charitable Activities

	Year to 31-Dec-12 £'000 Total	9 months to 31-Dec-11 £'000 Total
Church Urban Fund	1,925	1,438
	<u>1,925</u>	<u>1,438</u>

This represents the grant from the Department for Communities and Local Government to Church Urban Fund in respect of the Near Neighbours Programme. This is passed to Near Neighbours who administers the overall programme based on the agreement between Church Urban Fund and Near Neighbours. From this income Near Neighbours makes a grant to Church Urban Fund to administer and make awards under the Small Grants Programme - 'Money for Local Action'. In addition Near Neighbours reimburses CUF in full for any other programme costs.

## 3. Resources Expended

	Staff Costs £'000 (see note 6b)	Grants £'000 (see note 7)	Other Direct Costs £'000 (see note 8)	Support costs £'000 (see note 9)	Year to 31-Dec-12 Total £'000	9 months to 31-Dec-11 Total £'000
<b>Charitable Activities</b>						
Money for Local Action (see note 4)	-	875	-	-	875	412
Developing Skills and Capacity: (see note 7)						
Faith Leaders	14	92	6	5	117	92
Young Leaders	11	113	6	4	134	106
Community	14	457	15	5	491	238
Developing the Network: Presence and and Engagement Centre (see note 7)	32	346	18	11	407	325
<b>Total charitable activities</b>	<u>71</u>	<u>1,883</u>	<u>45</u>	<u>25</u>	<u>2,024</u>	<u>1,173</u>
Governance (see note 5)	31	-	9	10	50	38
<b>Total resources expended</b>	<u>102</u>	<u>1,883</u>	<u>54</u>	<u>35</u>	<u>2,074</u>	<u>1,211</u>

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

## 4. Money for Local Action

	Year to 31-Dec-12 £'000	9 months to 31-Dec-11 £'000
This represents the grant to Church Urban Fund to fund future awards under the Near Neighbours Small Grants Programme together with the administration costs of the Programme.		
Funding available from previous periods	120	-
Near Neighbours grant to Church Urban Fund (note 3)	875	412
Total funding available	<u>995</u>	<u>412</u>
Church Urban Fund expenditure:		
Near Neighbours Programme - Money for Local Action		
Grants awarded	890	252
Less writebacks of awards *	-11	-5
Net grants awards	<u>879</u>	<u>247</u>
Staff costs	24	21
Other Direct costs	37	24
Total Costs	<u>940</u>	<u>292</u>
Funding available for future periods	<u>55</u>	<u>120</u>

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

## 5. Governance

	Year to 31-Dec-12 £'000	9 months to 31-Dec-11 £'000
Staff Costs	31	20
Audit Fees	5	2
Other (incl. Legal, trustee expenses, stationary, subscriptions)	14	16
	<u>50</u>	<u>38</u>



## 6. Total Resources Expended

a. Analysis of costs by categories	Year to 31-Dec-12 £'000	9 months to 31-Dec-11 £'000
Grants to Delivery Partners and Church Urban Fund in respect of the Small Grants Programme (see note 7)		
Delivery Partners	1,008	641
Church Urban Fund - Small Grants Programme	875	412
Staff Costs	102	63
Audit	16	8
Communications	16	17
Evaluation	24	37
Staff Travel & Subsistence	14	10
Trustees Expenses	8	6
Interfaith Advisory Panel	6	4
Legal	2	9
Office Costs	2	4
Other	1	-
	<b>2,074</b>	<b>1,211</b>

### b. Staff Costs

Staff costs incurred by Near Neighbours:	Year to 31-Dec-12 £'000	9 months to 31-Dec-11 £'000
Salaries	39	24
Social Security	5	3
Pensions	3	2
	<b>47</b>	<b>29</b>
Staff Costs allocated by Church Urban Fund and reimbursed by Near Neighbours in respect of programme, financial and communications management	55	34
	<b>102</b>	<b>63</b>

Accrued pension contributions of £5,347 (2011: £1,711) are included in Near Neighbours costs.

Total staff costs for the Near Neighbours programme are £126K being the Near Neighbours staff costs of £102K and £24K specifically in respect of the costs for the administration of the small grants programme (See note 4).

## 7. Grants

	Year to 31-Dec-12 Total £'000	9 months to 31-Dec-11 Total £'000
<b>Money for Local Action</b>		
Church Urban Fund	<b>875</b>	<b>412</b>
<b>Developing Skills and Capacity: Faith Leaders</b>		
Christian Muslim Forum	74	57
Council for Christians & Jews	12	6
Hindu Christian Forum	6	8
<b>Sub Total</b>	<b>92</b>	<b>71</b>
<b>Developing Skills and Capacity: Young Leaders</b>		
The Feast	29	38
Bradford Catalyst	40	18
Leicester Catalyst	44	33
<b>Sub Total</b>	<b>113</b>	<b>89</b>
<b>Developing Skills and Capacity: Community</b>		
Nehemiah	457	210
<b>Developing the Network: Local Presence and Engagement Centres</b>		
Faithful Neighbourhoods Centre, Birmingham	89	70
St Philip's Centre, Leicester	83	73
Contextual Theology Centre, London	100	66
Bradford Churches for Dialogue and Diversity	74	62
<b>Sub Total</b>	<b>346</b>	<b>271</b>
<b>Total Grants</b>	<b>1,883</b>	<b>1,053</b>



**8. Other Direct Costs**

	Year to 31-Dec-12 £'000	9 months to 31-Dec-11 £'000
Evaluation	24	37
Communications	16	17
Trustees Expenses	8	5
Faith Advisory Panel	6	5
	<u>54</u>	<u>64</u>

**9. Support Costs**

	Year to 31-Dec-12 £'000	9 months to 31-Dec-11 £'000
Professional Costs	18	16
Other (office costs, travel & subsistence )	17	15
	<u>35</u>	<u>31</u>

	Year to 31-Dec-12 £'000	9 months to 31-Dec-11 £'000
The average number of full time equivalent staff employed by or seconded to Near Neighbours during the year was as follows:	1	1

There were no staff whose emoluments for the year exceeded £60,000 (2011: none).

None of the trustees received any emoluments. Appropriate expenses incurred in attending meetings and on other business of Near Neighbours were reimbursed to Trustees as follows:

	Year to 31-Dec-12		9 months to 31 Dec- 11	
	No.	£'000	No.	£'000
Travel, subsistence and other expenses	5	8	6	5

**10. Current Liabilities**

Amounts falling due within one year

	Year to 31-Dec-12 £'000	9 months to 31-Dec-11 £'000
Accruals	21	47
Pension	5	2
	<u>26</u>	<u>49</u>

As shown under note 6, pension contributions of £5,347 (2011: £1,711) were accrued at 31 December 2012.

**11. Restricted Funds**

	Balance as at 01 January 2012 £'000	Incoming Resources £'000	Resources Expended £'000	Balance as at 31 December 2012 £'000	Total 31 December 2011 £'000
Near Neighbours Programme	227	1,925	2,074	78	227

The grant from DCLG is restricted to expenditure in the Near Neighbours programme as agreed between the parties.

**12. Net Analysis of Assets and Liabilities by Fund**

	Restricted 31 December 2012 £'000	Restricted 31 December 2011 £'000
Current assets	127	276
Current liabilities	-49	-49
	<u>78</u>	<u>227</u>



### **13. Contingent Liability**

The Near Neighbours Programme grant is awarded by the Department for Local Government to the Church Urban Fund over the 3 year period beginning 1 April 2011 to March 2014, and passed over to Near Neighbours which is responsible for administering the programme.

Payments to delivery partners are subject to the completion of quarterly returns and failure to submit these returns would result in withdrawal of further funding. Accruals are therefore not made in the financial statements in respect of future grants. Additionally, under-spends in a quarter would reduce the amount awarded to the recipient in the next quarter.

### **14. 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, Church House, Great Smith Street, London SW1P 3AZ.

### **15. Related Parties**

Revd Canons Paul Hackwood and Denise Poole, Trustees of both Church Urban Fund and Near Neighbours, are also trustees of Bradford Churches for Dialogue and Diversity. During the year to 31 December 2012 Near Neighbours paid a grant of £120K to Bradford Churches for Dialogue and Diversity.

The Rt Revd. Richard Atkinson, a Trustee of Near Neighbours, was a Trustee of St Philip's Centre Leicester until 3 May 2012. During the year to the 31 December 2012 Near Neighbours paid a grant of £138K to St Philip's Centre Leicester.

The Rt Revd. Richard Atkinson, a Trustee of Near Neighbours, is also Co-Chair of the Hindu Christian Forum. During the year to the 31 December 2012 Near Neighbours paid a grant of £6K to the Hindu Christian Forum.