

NEAR NEIGHBOURS

Bringing People Together

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

For the year ending 31 December 2013



NEAR NEIGHBOURS – TRUSTEES, OFFICERS AND ADVISERS

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AN INTRODUCTION TO NEAR NEIGHBOURS

Near Neighbours creates association and relationship across faith and ethnic divisions and creates a context where people can come together to develop a common approach to community issues. It focuses on building up what can best be described as the 'body politic' – the organisations and institutions in neighbourhoods which shape identity and community.

In some parts of England where there is deprivation, there are 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. We aim to address this deficiency and create spaces for a common approach to issues to develop.

Near Neighbours was created in this context by Church Urban Fund and the Archbishops' Council of the Church of England 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, and has brought this experience to this work.

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 and both support and develop the body politic.

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 local Church of England Presence and Engagement Centres 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 three main ways:

- **Building Networks** by: developing relationships across faith and ethnic boundaries and creating a network of people across a particular neighbourhood.
- **Building 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.
- **Encouraging participation** by: providing small sums of money to encourage local action.

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 and building up the capacity of already existing organisations.

BUILDING NETWORKS

We harness the expertise and existing infrastructure of the church and our brothers and sisters in other faith communities to extend the range and depth of their networks. Each Presence and Engagement Centre acts as a hub for Near Neighbours networking and activity 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.

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.

BUILDING CAPACITY

We work with a number of organisations to build up both the capacity of local people to bring about change and to develop wider community capacity. Some of these organisations traditionally work in the area of interfaith relations; others are focused on social action oriented models of change.

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.

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.

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 events and activities 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. It is working in Birmingham, East London and Bradford.

ENCOURAGING PARTICIPATION

The small grants fund is a programme, awarding grants from £250 to £5,000, which is targeted at encouraging participation in local communities across boundaries of faith and ethnicity. The small grants fund closed at the end of the year, being the end of the current grant cycle.

The fund seeks to tap into local people's desire 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 for assessment and processing and a quick review process turns around decisions within 14 days at the most.

OUR ACHIEVEMENTS IN 2013

BUILDING NETWORKS: 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 and to build networks of support across faiths. Here as an example are some of the activities which took place in Inter-Faith Week (17th- 23rd November 2013).

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

The St Philip's Centre hosted a number of different events in Inter-Faith week. The first was a Children's Art & Craft Exhibition that ran daily at Leicester Cathedral. On Sunday 17th November they also ran a Children's Puppet Workshop and Show at the Sparkenhoe Ark Theatre.

In addition to many other events, they led two pilgrimage tours through Highfields, on the 19th and 21st. The pilgrimage visited the Sant Nirankari Mission, Central Mosque, Hebrew Congregation Synagogue, Guru Tegh Bahadur Gurdwara and the Shree Hindu Temple.

Contextual Theology Centre (East London)

Tim Clapton and the CTC gathered a group of Near Neighbours funded projects and friends of the programme across London. Local projects talked about their work and celebrated the programme with music, food and exhibitions of Near Neighbours work in east London. They also heard about some research which has followed the work of Near Neighbours. This happened across two events, the first at Canada Water Library on the 21st and the second at Stratford Circus on the 22nd.

Bradford Churches for Dialogue and Diversity (Bradford)

On 20th November Bradford Cathedral hosted the launch of the Catalyst programme's new leadership training course for Bradford and Keighley. The event was introduced by Liz Firth who is running Catalyst in Bradford on behalf of BCDD. Following this participants split into groups and discussed various questions on the role of religion in society and community. There was a consensus that there are still many people in Bradford motivated by their faith to do good in the community and that places of worship still play an important role in society especially now during times of austerity.

Catalyst is a dynamic and interactive programme which aims to build confidence and develop the potential of young adults so that they can change their communities for the better. The catalyst participants are of different ethnic and religious backgrounds and are already committed to activities in their communities. They noted that they are looking forward to exploring each other's identities, sharing their different perspectives, and developing as leaders and individuals.

Faithful Neighbourhoods Centre (Birmingham)

The FNC ran a photography exhibition at Birmingham Cathedral. From the 15th to 23rd November the 'Faithful Friends Photography Exhibition' was displayed at the Cathedral. It was the culmination of an existing exhibition and a photography competition run by the FNC. An awards ceremony on the 16th was started by a NN-funded Christian Muslim women's drumming group and was attended by as many as one hundred people. The exhibition was launched at an event on 14th and was attended by over 60 people including the Lady Mayoress Pauline Leddy and the Bishop of Birmingham, Rt Revd David Urquhart.

The Birmingham Coordinator Jessica Foster said that there was a "lovely atmosphere and the photos went down well. There was a great mix of people there, including a few faith leaders. It was good that the exhibition was up for a clergy study day which has generated quite a bit of interest."

On 24th the FNC also showed a screening of 'A Two Sided Story' – a film about Israel/Palestine produced by Parent Circle. The screening was followed by responses from speakers from the Jewish, Christian and Muslim communities in Birmingham.

BUILDING CAPACITY

Hindu Christian Forum

On the 13th November 2013 the HCF hosted an event called 'Sporting Inner Strength' which was held at the Waterfront B Active Centre. It saw a Hindu and a Christian speaker discuss sport as a means of inner strength and how it ties into their faiths. This was part of a series of events in Leicester during the Autumn of 2013.

Christian Muslim Forum

CMF hosted two Near Neighbours events in Inter-Faith Week. The first was 'Jesus & Muhammad: Is their message still relevant?' held at Blackburn Cathedral on 18th November. The event was based on five workshops and had Canon Chris Chivers and Dr Musharraf Hussain as key speakers.

The CMF also ran two 'Christian-Muslim Marriage' Seminars in Leicester. This is part of a series of seminars on Christian-Muslim marriage. Their aim is to offer exploration of the issues to religious leaders and others working with interfaith couples and provide pastoral support to those who are in interfaith relationships.

Council of Christians and Jews

CCJ ran a Christian-Jewish Faith Study Day on the 15th in Leicester. It explored Christian-Jewish relations past and present and was an opportunity to dialogue, learn about Judaism today and see Christianity through Jewish eyes. There were 36 participants, mostly clergy or lay leaders. Some stayed to celebrate Shabbat with the guest speaker Rabbi Mark Soloman at the Neve Shalom, a Progressive Jewish Congregation, in the evening.

They also ran an event that linked girls from three different schools by bringing them together at Spitalfields City Farm. Thirty four Jewish, Muslim and Christian girls came together in shared activities of planting seedlings and transporting wood chippings. This was organised by Fiona Hulbert of CCJ with Rabbi Nathan Levi and Mitzvah Day staff, one of whom, described it as the highlight of Mitzvah day.

Catalyst

Catalyst Young Leaders programmes took place during the year in Leicester, London, Oldham, and 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. They continued to build relationships and expand their work into new areas where Near Neighbours is operating, East London and Bradford, and in 2013 appointed a worker for Bradford and Keighley.

Nehemiah Foundation

In 2013 the Near Neighbours workers appointed through the work of the Nehemiah Foundation were busy encouraging grants applications, beginning local initiatives and building relationships across faiths and ethnicities. These included supporting the development of a food bank in Bradford, a website helping people in need in Leicester, a youth drop-in in Walthamstow, a newsletter in Leicester and a choir in Burnley.

ENCOURAGING PARTICIPATION

“Near Neighbours grants are benefitting so many people from different backgrounds, faiths and cultures helping to build stronger and more supportive communities”

Baroness Sayeeda Warsi
Minister for Faiths and Communities

25th March 2013

Between 1st January and 31st December 2013, Encouraging Participation (the Near Neighbours Small Grants Programme) received 402 applications. Grants totaling £667k were awarded to 220 projects, with the average grant being a little over £3,000 (before adjustments and grant write backs).

Breakdown of grants awarded in 2013:

	Number of grants awarded	Value of grants awarded £'000
Birmingham	51	164
Bradford	57	183
East London	66	205
Leicester	32	78
Other	14	37
Total	220	667

We reviewed the Near Neighbours grants programme in June 2013, looking at the midway point of the grants operation by analysing returns from the projects who participated in the monitoring.

On Monday 25th March 2013 the Minister for Faith and Communities, Baroness Warsi, marked the award of the 400th Near Neighbours grant by visiting a group of ethnically diverse mothers in Limehouse, East London.

The 400th project to receive the grant was a group of mothers of Bengali, Chinese, Turkish, Somali, Japanese, Russian, Kurdish, Italian and Lithuanian backgrounds. They all have children at the same school in Stepney but did not previously engage directly with each other. With encouragement, the mothers applied for a Near Neighbours grant for funding to take excursions to key London landmarks and use the opportunity to learn about each other's backgrounds and develop supportive friendships.

The latest grant builds on the recent work of a group of fathers with equally diverse backgrounds living in Stepney, who used the funding to take a camping trip together with their children, developing a tight friendship group of parents who now work to support each other and their respective children.

Baroness Warsi said: “Near Neighbours grants are benefitting so many people from different backgrounds, faiths and cultures helping to build stronger and more supportive communities. It was fantastic to hear first-hand how these small grants are making such a big difference to the lives of local people and I'm sure they will have a lasting effect on everyone involved.

“Reaching the 400th grant is a real milestone and it shows that, by using faith networks' existing infrastructure, we can make a real impact in communities.”

Canon Paul Hackwood, Trustee of Near Neighbours said: “Mums and Dads are the backbone of strong communities and it is great to see people really getting to know each other for the first time and forming strong family friendships in the local community through this work. Projects like this help us to build a stronger, more compassionate society from the ground up.”

Alison Jones, the Coordinator for the project said: "At the first coffee morning there were 17 mothers from 11 countries - we had to find an atlas to learn where Uzbekistan and Eritrea were. The Portuguese mum and the Iranian mum discovered that they both spoke Italian and so helped each other out with translating into English." After the first meeting one Somali mum said "Now I know some Bengali parents so I will say hello to them in the playground."

During the autumn of 2013 the 500th grant was given in Birmingham at an event in the Queen Elizabeth Hospital to Bromford Boxing Club. This project gives the opportunity for young men from different communities the opportunity to do fitness work together and build friendships. It has enabled young men at the risk of joining gangs and of becoming involved in inter-community tensions to build relationships. The Bishop of Birmingham and other Faith leaders were present at the event.

IMPACT

Work continued into the evaluation of Near Neighbours. The New Economics Foundation ("nef consulting") conducted a third 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 very positive feedback and showed the impact Near Neighbours is having. The nef final report is 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. During 2013 a final round of interviews and workshops was held. This report concluded that the Nehemiah workers are reaching deep into communities and enabling lots of new initiatives. The report is on the Near Neighbours website.

During 2013 an evaluation was undertaken by the Woolf Institute on the Near Neighbours small grants fund. This said that:

- Near Neighbours funding has successfully reached individuals and organisations desiring to generate a greater sense of community. The grassroots level grants, embedded in local social networks and institutions, have provided the impetus to launch projects that bring people together.
- The grants have had a snowballing effect: individuals who have participated in, or organised projects, often stated that they felt better equipped and more confident to develop projects in the future.

OUR PLANS FOR THE FUTURE

In 2014 our work will build on the foundations since inception in 2011. We seek to extend and deepen the interactions between different faith groups and encourage them to begin practical action to improve their communities. We hope that with new government funding, Near Neighbours will expand and begin to work in some new areas - Luton, Nottingham, Dewsbury, Leeds, Rochdale, Bury, West and North London, and the Black Country.

We will continue to reach out to local individuals and organisations to encourage grassroots activity and local commitment to activities that bring near neighbours together and change their communities for the better.

Building Networks : 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, we hope to be able to provide grants for new coordinators working in West London, Luton, the Black Country and Rochdale/Bury.

St Philip's Centre for Study and Engagement in a Multi Faith Society (Leicester) - will extend their work into Nottingham.

Contextual Theology Centre (East London) - will be continuing work in Eastern London, and support the developing work in West London.

Bradford Churches for Dialogue and Diversity (Bradford) - will expand their work into Leeds, Dewsbury, Rochdale and Bury.

Faithful Neighbourhoods Centre (Birmingham) - will expand into some new parts of Birmingham, and support work in the Black Country.

Grassroots (Luton) – Near Neighbours will work with the pre-existing Grassroots, a Christian based inter-faith organisation, as the programme expands into Luton.

King's Centre (Southall) – The King's Centre in Southall will act as the hub for the work of the programme as it expands into west London. Our work will cover a number of boroughs across the west and north-west of the city.

Transforming Communities Together (Black Country) – A new hub, linked to the diocese of Lichfield, will be established in the Black Country. This will facilitate our work across the towns of Wolverhampton, Sandwell, Walsall, and Dudley.

Building Capacity

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, and with the Three Faiths Forum (who are a new partner for the second phase of the programme).
- By nurturing young leaders in faith communities, for example further Catalyst programmes will take place in Luton, Rochdale and Bury, and West and North London. The Feast plan to expand into Luton.
- Funding community capacity builders through the work of Nehemiah whose work will have a particular focus on developing sustainable plans for the ongoing work needed in their communities, planning for work in Rochdale, Luton, and West London.

Encouraging Participation

The small grants fund programme, awarding grants from £250 to £5,000, which is targeted at encouraging participation in local communities across boundaries of faith and ethnicity will be continued.

FUNDING BEYOND MARCH 2014

Near Neighbours was funded by a £5m grant to Church Urban Fund from the Department for Communities and Local Government. This funding was for the three years from 1st April 2011 to 31st March 2014. Due to the success of the programme, the Department for Communities and Local Government will be continuing to fund a further two years with a £3m grant, and additional match funding of £300k each year brings the total programme value to £3.6m. The first year of match funding has already been received from Church Urban Fund in the amount of £300k.

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 'Encouraging Participation', 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 grant to Church Urban Fund from the Department for Communities and Local Government and also by match funding.

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 experts in community engagement from the following faiths, they act 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 5 to the financial statements.

Trustee Induction and Training

All trustees, on appointment receive a detailed briefing on the Memorandum & Articles of Association, the objectives of the programme and the agreements with 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 Chair 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

Income

Total income for the year to 31st December 2013 was £1,933k (2012: £1,925k) - all income was restricted to the Near Neighbours programme. £1,633k related to funding from the Department for Communities and Local Government and £300k came from Church Urban Fund as support for the programme going forward.

Expenditure

Total expenditure was £1,643k (2012: £2,074k). Near Neighbours has three charitable activities reflecting the three activities set out in the 'What We Do' section above. These are, together with their associated expenditure for the period:

- Building Networks: £310k (2012: £407k) this expenditure principally reflects the grants to extend the capacity of the Local Presence and Engagement centres set out in notes 3 and 7 to the accounts.
- Building Capacity: by these three activities:
 - Faith Leaders: £118k (2012: £117k)
 - Young Leaders: £132k (2012: £134k)
 - Communities: £396k (2012: £491k)This expenditure principally reflects the grants to our partners set out in notes 3 and 7.
- Encouraging Participation: £644k (2012: £875k) represents Near Neighbours small grant fund, as set out in note 4 to the accounts.

Reserves and Reserves Policy

All reserves are restricted and at 31st December were £368k (2012: £78k). There are no unrestricted reserves. At the year end the reserves represent funds available for future planned programmes of work.

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 general meeting.

Approved by the trustees on 7th MAY and signed on their behalf by:
2014

Eaton
Baroness 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 2013 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 13, 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 web-site at 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 2013 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.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees 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:

- 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.

NJ Wakefield

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

22 May 2014

Date

Chartered Accountants and Statutory Auditor, Times House, Throwley Way, Sutton, Surrey SM1 4JQ
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 2013

		2013	2012
	Notes	£'000	£'000
INCOME & EXPENDITURE			
Incoming resources	2		
Income from charitable activities		1,933	1,925
Total incoming resources		1,933	1,925
Resources expended			
Charitable activities	3		
Building Networks		310	407
Building Capacity			
Faith Leaders		118	117
Young Leaders		132	134
Community		396	491
Encouraging Participation	4	644	875
Total charitable activities		1,600	2,024
Governance	5	43	50
Total resources expended		1,643	2,074
Net incoming/ (outgoing) resources for year		290	-149
Balance brought forward at 1 January		78	227
Balance carried forward at 31 December		368	78

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. All activities relate to on-going operations.

NEAR NEIGHBOURS

BALANCE SHEET AS AT 31 DECEMBER 2013

	Notes	2013		2012	
		£'000	£'000	£'000	£'000
CURRENT ASSETS					
Cash at bank		14		127	
Amount due from parent charity		360		0	
			374		127
CURRENT LIABILITIES					
Creditors	10	6		26	
Amount due to parent charity		0		23	
			6		49
NET CURRENT ASSETS			368		78
NET ASSETS			368		78
FUNDS					
Restricted Funds	11		368		78
TOTAL FUNDS			368		78

Approved by the Trustees on 7 MAY 2014..... and signed on their behalf by

Baroness Eaton..... Eaton.....

Paul Hackwood..... Paul Hackwood.....

NEAR NEIGHBOURS

Notes to the Financial Statements for the year ended 31 December 2013

1. Accounting Policies

a. Basis of accounting

The financial statements have been prepared under the historical cost convention and have been prepared in accordance with the governing documents of the charity and UK applicable accounting standards and 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.

b. Income recognition

Funds received by the Church Urban Fund from the Department for Communities and Local Government are passed to Near Neighbours, which administers the programme, as per the agreement between Church Urban Fund and Near Neighbours.

Additionally, Church Urban Fund contributed some of its own funds to support Near Neighbours going forward. Income is recognised when it is received.

c. 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.

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.

d. 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, trustee costs and a proportion of staff time cost.

e. Pensions costs

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

f. 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.

g. Fund accounting

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

h. 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. Incoming Resources

	2013 £'000	2012 £'000
Income from Charitable Activities - DCLG via Church Urban Fund	1,633	1,925
Income from Charitable Activities - Church Urban Fund	300	0
	<u>1,933</u>	<u>1,925</u>

Income from Charitable Activities - DCLG via Church Urban Fund represents the grant from the Department for Communities and Local Government (DCLG) 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 - 'Encouraging Participation'.

In addition Near Neighbours reimburses CUF for other programme costs.

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

3. Resources Expended

	Staff Costs £'000 (note 6)	Grants £'000 (note 7)	Direct Costs £'000 (note 8)	Support costs £'000 (note 9)	2013 Total £'000	2012 Total £'000
Charitable Activities						
Building Networks: Presence and Engagement Centre	27	262	13	8	310	407
Building Capacity:						
Faith Leaders	11	99	5	3	118	117
Young Leaders	8	117	5	2	132	134
Community	11	371	11	3	396	491
Encouraging Participation: Small Grants (note 4)	-	644	-	-	644	875
Total charitable activities	<u>57</u>	<u>1,493</u>	<u>34</u>	<u>16</u>	<u>1,600</u>	<u>2,024</u>
Governance (note 5)	28	-	7	8	43	50
Total resources expended	<u>85</u>	<u>1,493</u>	<u>41</u>	<u>24</u>	<u>1,643</u>	<u>2,074</u>

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

Total resources expended include audit fees for the year of £8k (2012: £16k).

4. Encouraging Participation: Small Grants

	2013 £'000	2012 £'000
Grants awarded	667	890
Less writebacks of awards	-32	-11
Net grants awarded	<u>635</u>	<u>879</u>
Administration costs	24	24
Other Direct costs	40	37
Total Costs	<u>699</u>	<u>940</u>
Less funding brought forward	-55	-120
Plus funding carried forward	0	55
	<u><u>644</u></u>	<u><u>875</u></u>

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

5. Governance

	2013 £'000	2012 £'000
Staff Costs	28	31
Other (incl. Legal, audit, trustee expenses, stationary, subscriptions)	15	19
	<u>43</u>	<u>50</u>

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

	2013		2012	
	No.	£'000	No.	£'000
Travel, subsistence and other expenses	<u>5</u>	<u>8</u>	<u>5</u>	<u>8</u>

6. Staff Costs

	2013 £'000	2012 £'000
Salaries	39	39
Social Security	4	5
Pensions	3	3
	<u>46</u>	<u>47</u>
Staff Costs allocated by Church Urban Fund and reimbursed by Near Neighbours in respect of programme, financial and communications management	39	55
	<u>85</u>	<u>102</u>

Near Neighbours, as last year, had one full time member of staff. No staff emoluments for the year exceeded £60,000 (2012: none).

7. Grants

	2013 £'000	2012 £'000
Building Networks: Local Presence and Engagement Centres		
Faithful Neighbourhoods Centre, Birmingham	66	89
St Philip's Centre, Leicester	65	83
Contextual Theology Centre, London	65	100
Bradford Churches for Dialogue and Diversity	66	74
	<u>262</u>	<u>346</u>
Building Capacity: Faith Leaders		
Christian Muslim Forum	71	74
Council for Christians & Jews	11	12
Hindu Christian Forum	17	6
	<u>99</u>	<u>92</u>
Building Capacity: Young Leaders		
The Feast	16	29
Bradford Catalyst	41	40
Leicester Catalyst	60	44
	<u>117</u>	<u>113</u>
Building Capacity: Community		
Nehemiah	371	457
Encouraging Participation: Small Grants (note 4)	<u>644</u>	<u>875</u>
Total Grants	<u><u>1,493</u></u>	<u><u>1,883</u></u>

8. Other Direct Costs

	2013 £'000	2012 £'000
Evaluation	20	24
Communications	7	16
Trustees Expenses	8	8
Faith Advisory Panel	6	6
	<u>41</u>	<u>54</u>

9. Support Costs

	2013 £'000	2012 £'000
Professional Costs	9	18
Other (office costs, travel & subsistence)	15	17
	<u>24</u>	<u>35</u>

10. Creditors (amounts falling due within one year)

	2013 £'000	2012 £'000
Accruals	6	21
Pension	0	5
	<u>6</u>	<u>26</u>

11. Restricted Funds

	Balance at 1/1/13 £'000	Incoming Resource £'000	Resource Expended £'000	Balance at 31/12/13 £'000	Balance at 31/12/12 £'000
Near Neighbours Programme	<u>78</u>	<u>1,933</u>	<u>1,643</u>	<u>368</u>	<u>78</u>

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

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

12. 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.

13. 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 DCLG of £1.6m (2012 - £1.9m) and passes this over to Near Neighbours to deliver the programme.

Additionally, CUF transferred £300k reserves to Near Neighbours as match funding for the DCLG grant. At the year end, the intercompany balance was £360k owed by CUF (2012 - £23k owed to CUF). In the group accounts these transactions are eliminated on consolidation.

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

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

Reverend 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 which received grants of £107k during the year.

The Right Reverend Richard Atkinson, a Trustee of Near Neighbours, is also Co-Chair of the Hindu Christian Forum which received a grant of £17k during the year.

