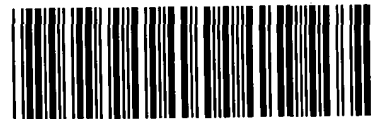


Charity Registration No. 1180693

Company Registration No. 11568263 (England and Wales)

INSPIRE NORTH
CHAIR'S REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2021

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INSPIRE NORTH

COMPANY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2021

Management Committee

Chair

Claire Vilarrubi

Other Trustees:

Damian Pocknell — Inspire North Group Trustee (Vice Chair)

Philip Turnpenny – Inspire North Group Trustee

Richard Parry – Inspire North Group Trustee

David Strachan – Inspire North Group Trustee

Cornelle Parker – Inspire North Group Trustee (moved to become Community Links Trustee from 1st April 2021)

Alina Kaur – Inspire North Group Trustee (appointed: 1st April 2021)

Executive Officers

Chief Executive

Ruth Kettle

Director of Group Operations

Faye Oldroyd

Director of Development and Innovation

Sinead Cregan

Director of Finance and Corporate Services

Caroline Watson

Director of People and Culture

Donna Gooby

Company Secretary & Registered Office

Ruth Kettle
3 Limewood Way
Seacroft
Leeds
West Yorkshire
LS14 1AB

Registration Numbers

Registered Company No.

11568263

Registered Charity No.

1180693

Auditor

RSM UK Audit LLP
Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL

Principal Bankers

Santander
Bridle Road
Bootle
Merseyside
L30 4GB

INSPIRE NORTH

COMPANY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2021

Principal Solicitors

Wrigleys
19 Cookridge Street
Leeds
LS2 3AG

Ward Hadaway
5 Wellington Place
Leeds
LS1 4AP

INSPIRE NORTH

CHAIR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2021

Having been Chair of the Inspire North Group since its establishment, it gives me pleasure to present a review of Inspire North's second full financial year (the 2020 to 2021 period).

Formed as part of the merger of Foundation and Community Links (Northern) Ltd, Inspire North is the parent company of these two charities and their subsidiary organisations. The benefits of the merger are now being realised with a focus across the period on the integration of systems and processes, the delivery of enhanced learning and development for employees, and healthy growth in our business.

Responding to the growing portfolio and diversity of the group, investments have been made in Operational direction and management as well as Central Service functions to ensure effective leadership and support for service delivery teams. Inspire North is establishing itself as a strong core, bringing growing expertise to the group. Centralised operational direction and management is proving successful in enabling greater sharing of best practice, expertise and experience, for the benefit of all services and employees within the group. It also offers more flexibility and access to operational resource, supporting business continuity and helping to overcome resource constraints. This has proven critical throughout the past year, where operational teams have needed to be agile and adaptable to changing and challenging circumstances.

Our new five-year Inspire North Strategy (2019 to 2024) enters its second year of delivery, which provides strategic direction for the whole group, whilst celebrating the distinct strengths of each of the Company's subsidiary charities.

Every aspect of Inspire North's work is guided by our group-wide values of People, Integrity, Passion and Collaboration. This is demonstrated by some of our key achievements in the period which include:

Community Links were successful in being awarded a subcontract to deliver the new Leeds Activity Hub as part of a nationwide scheme introduced by the Ministry of Justice (MOJ) Co-Financing Office. The service will establish and run a physical hub in central Leeds to provide support and deliver a range of activities for those who have been involved in the Criminal Justice System to reintegrate in their communities and to gain training and employment opportunities. The service has afforded the group the opportunity to develop new partnerships and strengthen relationships with key stakeholders across the Yorkshire and Humber region, demonstrating our commitment to meaningful collaboration.

Our No Excuse for Abuse awareness raising campaign has been running across the period, launched in response to the increasing incidents of domestic abuse and homicide associated with the national lockdowns in place since March 2020. We have secured local, regional and national media coverage, sharing important, life-saving messaging with tens of thousands of people. This marks Inspire North's move into campaign activity and supports our work to enhance our brand recognition. We've also been fortunate enough to have secured several significant grants to provide emergency or short-term interventions for survivors (including children) of domestic abuse, helping more people in the North East to find safer, healthier, and happier homes.

Inspire North continues to have group-wide 2* Best Companies and Investors in People status. Showcasing the group's commitment to its people, these awards are further supported by the group receiving 8th place at the Inclusive Top 50 Companies in the UK awards, and 63rd place in Best Large Companies to Work For 2021, supported by a special award for Learning and Development. These accolades are telling signs that our core values are upheld and lived across the group.

Foundation's wholly owned subsidiary, Foundation Stone Enterprises (Ltd), is undergoing a planned wind down and transfer of reduced operations into its parent company Foundation.

Community Links' wholly owned subsidiary, Bridging the Gap PD Services Limited, has the principal activity of providing specialist services to men with personality disorders. During the period the team has been widely recognised for their excellence and innovation in delivery of psychological support for men with specialist needs.

The challenges Inspire North has faced as a result of the COVID-19 pandemic have been met with speed, integrity and passion by employees, fellow Trustees, and partners. This not only demonstrates the excellence

INSPIRE NORTH

CHAIR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2021

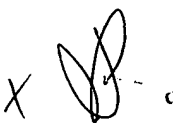
and flexibility of our services but also evidences the robust governance and excellent support infrastructure provided by Inspire North.

Over the coming months, we expect to be tested further as the longer-term economic and social impacts of the pandemic are felt. However, I have every confidence that the group will be able to meet the challenges that arise with the level of passion, innovation and integrity that I have come to expect.

As I look back over the last 12 months and reflect on all that has been accomplished, I would like to take the opportunity to share my thanks. My sincere gratitude goes to our Trustees for their commitment and the time freely given to help make our group a success. Their diverse yet complementary expertise and experience continues to provide the whole Inspire North group with vital specialist advice and strategic governance.

To close, I offer my thanks and admiration to those who enable us to achieve our charitable objectives - our senior leadership team, employees, volunteers, partners, funders and commissioners. During what is likely to be one of the most challenging years for the group, I have seen our group-wide values come to life. Our work to support people across our communities is even more critical than ever and I'm excited to see the group continue to realise its potential. I know that all our stakeholders can be relied on to ensure that the whole Inspire North group continues to sustainably provide life-changing services across the North of England.

C Vilarrubi

A handwritten signature in black ink, appearing to be 'C Vilarrubi', with a large 'X' to its left.

14 September 2021

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

The Management Committee presents its report and the audited financial statements of Inspire North ("the Company") for the year ended 31 March 2021.

Organisational Overview

Incorporation

Inspire North was incorporated on 13 September 2018. Formed to facilitate the coming together of the charity, Community Links (Northern) Limited, and the charity and Registered Social Landlord, Foundation, Inspire North is the parent company of these charities and enables them to share risks and benefits. On 17 October 2018, the charity became the sole member of the following charities/companies:

- Foundation (charity number 515517, company number 01829004, HCA registration 4688)
- Community Links (Northern) Limited (charity number 0514779, company number 01657652)
- Bridging the Gap PD Services Limited (company number 08372806)
- Foundation Stone Enterprises Limited (company number 08895921)

Principal Activities

The Company is governed under its Memorandum and Articles of Association, approved by the Charity Commission and subsequently adopted by the Charity on 17 October 2018. The charitable objects are set out in the Memorandum of Association and remained unchanged throughout the year. The Memorandum and Articles of Association of all companies within the group have been aligned.

The Directors have complied with the duty (set out in Section 4 of the Charities Act 2011) to have due regard to public benefit guidance published by the Charity Commission. The Directors have considered the public benefit delivered by the company and have made the following response:

"Our aim is to provide support and accommodation to people with mental health and other complex problems and to those at risk of homelessness. We have a range of services which focus on recovery and support and work collaboratively with individuals to achieve their goals. We do this by providing support which is appropriate to their needs. Our services value diversity and are non-judgemental."

Inspire North's Vision is "Creating a World Where Everyone Matters" and its Purpose is "Building Brighter Futures". Charities within the group have their own underlying purposes. Foundation provides life-changing housing, support and domestic abuse services across the North of England, working with people who require a helping hand to establish a full and independent life in their local community. Community Links provides life-changing mental health and wellbeing services. Community Links offers support for a wide range of mental health and well-being issues, including anxiety and depression, psychosis and difficulties arising from experiencing trauma. We provide services in both community and residential settings, working across the Yorkshire region.

Across the group, we offer personalised support, focused upon the life journey of each client/tenant. We operate a wide variety of services across the North of England working closely with local authorities, the National Health Service and other key partners from the statutory and Third Sectors to deliver outstanding services and achieve positive outcomes for our clients.

In discharging its duties, the Management Committee seeks to set a clear strategic framework for achieving these aims and to clarify the long- and short-term objectives of the charity. In particular, the Management Committee considers the guidance contained in the Charity Commission's general guidance on public benefit and how planned activities will contribute to the aims and objectives set.

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Organisational structure

Trustees of Community Links and Foundation ratified the merger on 17 October 2018. This was achieved through the formation of a group structure, with the parent company (and registered charity) Inspire North being formed. Inspire North is the parent company and is the only member of Community Links (Northern) and Foundation who each respectively own their subsidiaries (Bridging the Gap PD Services Limited and Foundation Stone Enterprises Limited).

The Inspire North governance structure ensures that there is a quorate of independent Trustees for Community Links (minimum of three) and Foundation (minimum of three) to protect each company's assets and ensure continued delivery of its charitable objectives.

The Inspire North Group's Head Office is in Leeds and provides Community Links and Foundation with Senior Leadership, Operational Management and Professional Services.

Through the adoption of a group structure Community Links and Foundation can maintain their own identities and continue to deliver their frontline services, whilst the creation of a parent company affords the opportunity to create more comprehensive and efficient infrastructure and support services. This includes increased opportunity to access new markets and fully realise its potential.

Business Review

Details of the Company's performance for the year and its future plans are set out in the following sections of this report.

Objectives & Strategy

The five-year Strategy (2019 to 2024) is subject to annual review and the group is making steady progress against objectives.

Alongside the Strategy, a co-produced Group Vision, Purpose and Values have been consistently adopted across the group.

Group Vision - Creating a World Where Everyone Matters

Group Purpose - Building Brighter Futures

Values –

- **People** are the heart of everything we do at Inspire North, and we strive every day to build brighter futures for the people who use our services. We engage our colleagues and people who use our services to build a sense of community and shared success. We want everyone to play a part in creating our vision.
- **Integrity** is our cornerstone; we will always do the right thing. We work hard to make sure our services offer the highest quality and professional standards, and that people are treated fairly and honestly.
- **Passion** is what fuels us. There's no better feeling in the world than making a positive difference, and that spurs us on to always go the extra mile – for the people who use our services, for each other, and for our vision of creating a world where everyone matters. We have the brightest and best innovative minds working every day to do more, and to do it better.

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

- **Collaboration** is how we came to be Inspire North. We were born out of the idea that working together, we can achieve more. Across our services we work with many partners, bringing together our expertise to meet varied needs in exceptional ways.

Our new group-wide approach creates a consistent ethos for our work and employees, which complements the objectives outlined within our Memorandum of Association.

Annual plans, developed by each service or department within the group, enables the Management Committee to monitor progress against strategic goals, alongside monitoring against the Corporate Performance Framework. Together, Annual Plans and the Corporate Performance Framework provide a robust mechanism for organisational accountability and challenge, whilst placing our values at the heart of our strategic objectives.

Performance against targets for 2020/21

Following the launch and roll-out of Inspire North's group-wide strategy, vision, purpose, values and branding in 2019 to 2020, a core aim for the 2020 to 2021 period has been for all services and departments to deliver against their co-produced annual service plans. During the first year of our new strategy, our operational service teams achieved 63% of activities outlined within their annual plans and Central Service Teams achieved 67% of activities outlined within their annual plans. In recognition of the unforeseen circumstances that the organisation has been in, with the requirement to prioritise immediate business continuity and colleague and client health and safety, a good level of progress has been evidenced which will be further built-on in the coming year.

In addition, merger metrics have been in place for the group, with the overarching aim being to improve the quality and effectiveness of the services we deliver to our clients/tenants by sharing best practice across the group. As detailed below, the Inspire North group has succeeded in performing well against its merger metrics:

Retain Contracts

- The majority of service contracts held by the Inspire North group that were up for re-tender in the period have been extended by commissioning authorities as a result of the Covid-19 pandemic. This has helped us to maintain stability for teams during an otherwise turbulent year. This includes Community Links' Residential Mental Health Services, which have secured extensions until March 2023.
- A closed procurement round took place for the Oakwood Hall service, through which we secured a two-year extension to the contract.
- Up to the end of the period, Development have retained 100% of contracts across the Inspire North group that have been re-tendered since the merger (1st December 2018).

Retain Talent

- Staff retention rates remain stable with a 16.5% voluntary turnover and a stability index of 82% across the group for the period.

Productive Culture

- Inspire North Group rated as a 2-star Best Company.
- Inspire North Group placed 63rd at Top 100 Sunday Times award for Best Large Companies to Work For 2021 and received a special award for Learning and Development. This was the first time the group was being considered within this category, competing against other organisations who are leaders in their field.
- Inspire North Group secured 8th place at the Inclusive Top 50 Companies in the UK awards, our highest ranking to-date.

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Evidence of Learning and Sharing

- Customer Service Excellence Awarded for Community Links, with group-wide applications being prepared for the coming year.
- A Client Charter has been developed to enable a group wide approach to establishing standards for our clients. This charter includes us being a Together with Tenants adopter for our housing services.
- Our first virtual group-wide conference was held in October 2020, bringing together hundreds of employees to reflect on the past year and plan for the group's future.

Joined-Up Processes

- Joint system implementation has been achieved across our Client Management, Finance and HR Systems, creating efficiencies and streamlining business activity.
- Group Management Committee meetings are running well with separate but common reporting frameworks for each organisation within the group to enable oversight of individual company performance.
- Datix was launched across the group, which sits at the heart of our governance. It has been set up to centrally manage our incident reporting, concerns, compliments and complaints and our client satisfaction survey. We are able to use the data collected to act, respond and drive improvement across the organisation.
- Our group Intranet is now live and offering colleagues across the organisation the opportunity with the opportunity to connect, learn and feel engaged in the group's wider work.

New Markets and New Models

- Funding has been secured in the period from new statutory agencies, including the Home Office and the Co-financing Office of the Ministry of Justice.
- A new secondment has been established for a Senior Housing Development Manager to sit within the wider Senior Leadership Team. This role will focus on developing and diversifying the group's property portfolio, and a new Housing Strategy will underpin their work.
- The new Fundraising & Grants Lead post is developing well and is working closely with the Head of Development to lay the foundations for the group's expansion into a various types of fundraising activity moving forwards.

Underpinned by the group's five-year strategy, the CEO has given a new Call to Action for all services and departments within the group to focus their 2021-22 Annual Plans on co-production, ensuring collaboration and client voice are central to our strategic delivery.

Service Contracts

Throughout 2020 to 2021 we were successful in retaining all of our contracts which were re-tendered and awarded during the period. This includes our Craven Specialist Mental Health Supported Accommodation service, which although we were successful at securing, has experienced a budget reduction by the commissioning authority.

During the year we also saw healthy growth in our portfolio. We successfully secured and launched a number of brand-new services and projects including but not limited to:

- The HMPPS CFO Activity Hub (Leeds): we are subcontracted to deliver this service, launched in March 2021, as part of the wider Yorkshire and Humber contract.
- HMPPS Personal Wellbeing and Women's Services for North Yorkshire: as part of the newly established Dynamic Framework, which forms part of the restructure of probation services across England and Wales. Services are due to launch in late June 2021.

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

- Covid-19 Extraordinary Funding for Domestic Abuse and Sexual Violence Services for Redcar and Durham. Short term funding released through the Ministry of Justice to support the survivors impacted by the increased perpetration of domestic abuse during lock-down.
- North Yorkshire Perpetrator Fund: Funding secured from the Home Office, through the North Yorkshire Police, Crime and Fire Commissioner's Office, to expand our work identifying perpetrators of domestic abuse and engaging them in behavioural change.

A number of contracts which were expected to reach a natural close have now been extended in recognition of the important role they will play in the Covid-19 recovery, including Action Towards Inclusion and Stronger Families services. The year also saw an end to Community Links' partnership to deliver the CHART service in Kirklees.

Tendering activity has remained constant across the period, despite uncertainties arising from the COVID-19 pandemic. However, as a result of a number of extensions to existing services we are expecting to see a bottleneck of tendering activity into the 2021-22 year, with a number of key services likely to be retendered.

Digital Inclusion and Transformation

Inspire North's ambitions to develop its digital offer and ensure that wherever possible all of our clients are digitally included have been accelerated as a result of the Covid-19 pandemic, with all services across the group reviewing and enhancing their approach to working with clients to make the best use of digital technologies. This has included securing a huge number of digital devices for our clients through in-kind or financial donations.

A Digital Transformation Group has been established with key representatives coming together to oversee live digital projects and drive further transformation across the Inspire North Group. Community Links' aspire (early intervention in Psychosis) service is leading the way through their work to pilot the use of Virtual Reality in supporting clients with social anxiety disorders. This exciting project exemplifies how digital technologies could transform the way that we deliver services in the future.

We have also achieved group-wide Cyber Essentials Plus during the period, a respected marker of safe cyber practice.

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Employees

Inspire North's employees are its primary asset. 2020 to 2021 has been a period of consolidation and continuous improvement, with investment in skills and active participation of employees throughout the year.

Key achievements have been:

- The appointment of a Senior Operational Manager has been piloted since mid-2020 and introduced as a permanent appointment in early 2021. This role will now hold line management for the Operational Management Team, further supporting the whole group culture which is developing across our services in both Foundation and Community Links. Our group-wide Leadership Forums and Operational Forums also continue to be pivotal in this. The Leadership Forum meets quarterly and has a programme of training and development based around the concept of transformational leadership and innovative ways of working. The forum enables the sharing of good practice and consistency across the group.
- In line with the expansion of our portfolio of services, our Operational Management Team has also grown, and a re-structuring of service portfolios taken place. Alongside the introduction of a Senior Operational Manager, this ensures sufficient capacity within operational leadership to drive quality in service delivery.
- An enhanced mandatory training package has been rolled out across the group which includes Anti-Racism, Safeguarding Adults and Children, Diversity & Inclusion, Co-production, Health & Safety, Supervision Skills and Professional Boundaries. In addition, a new reporting system has been established empowering all employees to take responsibility for their own learning and development, and mandatory training reported regularly to management.
- The introduction of a Volunteer Development Manager within Inspire North who is responsible for overseeing all volunteering activity across the group and expanding our quality volunteering offer. This post will be at the centre of the organisation's ambitions to grow and enhance its volunteering offer over the coming years. Already, we have secured group-wide Investors in Volunteers accreditation, established consistent processes for volunteer recruitment and management and established a Volunteer Forum.
- Inspire North has made a firm pledge to invest the time and resources necessary in becoming more anti-racist. In recognition of the central role that our employees and their experiences play in making the group what it is, we conducted a survey to understand more about the experiences of our employees, particularly those who identify as BAME. We have circulated this report and have entered into a period of consultation to gather insights. Our work to become more anti-racist has also entailed the development of a new Anti-Racism Strategy, the development of mandatory Anti-Racism Training, the introduction of a requirement for all employees to have a performance objective related to Anti-Racism, and robust reviews of our processes, tools and communications. Importantly, this work has been underpinned by the incredible work of our BAME Network of employees.

Alongside our group-wide Investors in People, Investors in Volunteers and 2* Best Companies accreditations, our numerous awards show continued progress in employee engagement through the year being placed were 63rd in the Sunday Times list of 100 Best Large Companies to Work For in 2021 and for the second year running won the Sunday Times Special Learning & Development Award 2021.

In relation to employment practices, Inspire North are a Disability Confident Leader, a Mindful Employer and a Living Wage Employer.

Furthermore, the Group has a comprehensive and well used employee assistance scheme available to all employees, providing advice and support on a wide range of employment, health and legal concerns.

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Health and safety

Inspire North has a moral and legal responsibility to ensure, so far as is reasonably practicable, that it provides for the health, safety and welfare of its employees, clients/tenants and anyone coming into contact with its business activity who may be affected by the way in which it carries out its work. The Company attaches the greatest importance to Health and Safety matters which are part of each employee's induction and e-learning and prioritises compliance with current legislation. Inspire North's Estates and Health and Safety Manager leads on Health and Safety and is supported by a network of volunteer Health and Safety Champions across all offices and services. Quarterly Health and Safety Meetings are held across the group estate to support and manage developments, ensuring a joined up and coordinated approach.

The Company remains committed to the provision and maintenance of:

- A safe and healthy working environment
- A safe and healthy living environment for clients/tenants
- Supervision, advice and procedures as necessary for the safe performance of its operations
- Instructions, information and procedures, for safe systems of work
- Equipment fit for purpose and bespoke adaptations for staff who need them
- Appropriate training for employees within job requirements
- Environmentally sustainable or energy efficient systems.

Employees (continued)

COVID-19 has presented specific challenges in relation to the Health & Safety of all our employees but particularly those working in front line services, including our residential services.

We responded promptly to the Government call for people to work from home wherever possible. The challenge of rapid office closures was dealt with efficiently and safely. Furthermore, our large investment in both IT infrastructure and equipment in 2018 to 2019, has enabled employees, as far as possible, to effectively work from home, minimising disruption and ensuring business continuity.

The group continues to follow Government guidelines in relation to the COVID-19 pandemic. Where possible, our employees have worked from home, had access to Personal Protective Equipment (PPE) as appropriate and we have initiated the process of undertaking COVID-19 specific risk assessments to enable us to safely and effectively continue to deliver our charitable work. We are establishing new policies to support a continued culture of hybrid working, ensuring the positive aspects of homeworking are carried forward as lock-downs ease.

Future Plans

Ambitions for 2021-22

The new Inspire North Strategy (2019 to 2024) is an ambitious strategy which sets out how the group will make a real difference to those it supports throughout the strategy period, making best use of its assets and the unique specialisms of its subsidiary companies.

Our four key aims are to:

- **Create Together:** We know the way to excellence is through sharing expertise. We will create our services with the people who use them to get the best possible outcomes. Our clients are the leading voice in everything we do, as they are experts in what they need.
- **Be a Great Place to Work:** We bring together a diverse workforce with a wealth of skills and decades of experience. We empower our colleagues to make decisions using their specialist knowledge of the communities they serve, always putting our values front and centre.

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

- **Innovate and Influence:** We will drive innovation and influence and be a catalyst for change. We will share best practice with colleagues, trustees, partners and local communities to develop high-quality services that reflect the increasingly varied and complex needs of our clients.
- **Build Sustainable Futures:** We will use an evidence-based approach to inform what we do and develop more effective practices that deliver better outcomes. We will seek out new funding sources and partners. We will lead the way on sustainable approaches to working and providing services.

In 2020 to 2021, delivery of the new strategy continued. In 2021-2022, it is the intention to further embed the strategy, initiate key activities and continue to monitor progress at team and organisational levels. Priorities for the next year include:

- Further embedding an inclusive, values-led culture across the group, supported by robust, joined-up governance arrangements.
- Drive innovation and new ways of working across our work focused on co-production and strategic partnerships.
- Set out clear plans for the group's long-term sustainability, factoring in social, environmental and financial considerations.
- Establish a more unified, clear group identity, ensuring that our branding facilitates stakeholder engagement and an understanding of our purpose and vision.

Principal Risks and Uncertainties

The Management Committee assume responsibility for on-going review of the risks facing the Company. In this context, we define risk as the potential to fail to achieve our objectives and for loss, whether financial or reputational, inherent in the environment in which we operate.

The Management Committee note the following specific areas that give rise to the potential major risk areas for the forthcoming financial year:

- Implementation of on-going cuts to Local Authorities arising from the policies of the Government and the cumulative impact of gradual, ongoing cuts to service budgets resulting in service closure or inability to re-tender for services.
- The current economic situation within the UK, largely but not exclusively as a result of the COVID-19 global pandemic, leading to a rise in demand for services coupled with cutbacks in spending and procurement plans from statutory agencies.
- The impact of another set of changes in accounting for the SHPS pension scheme on the company's balance sheet reducing our potential for borrowing and winning new business.
- The continued impact of BREXIT on both public services and employment opportunities for clients/tenants.
- The continued impact of COVID-19 on the safety, health and wellbeing of our employees and clients/tenants.

As noted in the statement of internal control on page 16-17 the Management Committee considers that Inspire North has procedures in place to maintain strong internal controls.

The major risks identified within the Risk Register are those associated with the effects of COVID-19: namely, the possibility of a deep recession, an accompanying period of austerity and an increased and wider need for our charitable work. Continuing excessive levels of competition within the marketplace also remains. These risks are managed carefully, and planning continues to mitigate the yet unknown impact of COVID-19.

Co-production

Across the Inspire North group, we aim to co-produce all aspects of work. We strive to involve stakeholders from all areas of the organisation (from clients to members of the Management Committee). There is currently

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

a good level of co-production activity and several ways in which clients and tenants can be actively involved across the company:

- Local informal feedback from and through Support Workers
- Responding to text-based questions on quality and performance
- Satisfaction surveys and reports
- Client/tenant Voice (representatives on our Board)
- Local co-production and activities groups
- Contributing to various working groups on quality, bidding for contracts and communications.
- Clients/tenants involvement in end to end recruitment processes
- Clients/tenants attendance at tender interviews so that they can outline their experience of our services to commissioners
- Clients/tenants progressing to volunteer roles, offering peer support (including paid roles) and gaining employment within the group
- Group-wide Internal Grants Scheme, offering clients/tenants the opportunity to develop innovative ideas which could receive funding through donations given to charities within the group.

Co-production training is mandatory for all employees and volunteers across the group. We have established toolkits for both employees and clients/tenants to support effective co-production across our work. Inspire North believes clients/tenants bring skills, talents and real assets to the company which can be used for the benefit of their own journey, that of others, and for the wider work on the company.

A new group-wide Co-production Strategy is currently in development, working with employees and clients across the organisation. The Strategy will outline further steps and innovative approaches that the company will adopt to fully embed co-production within every aspect of our business.

Concerns, Complaints and Compliments

Inspire North has a robust group-wide policy and procedure for the reporting and recording of concerns, complaints and compliments, captured and reported through Datix, ensuring timely and appropriate resolution or response.

A bi-annual Complaints, Comments and Compliments analysis report outlines outcomes and actions and is reviewed by the Quality and Performance Board. Quarterly reports update service commissioners regarding patterns or trends regarding comments, compliments or complaints. For the 2020 to 2021 period, Inspire North (not including Community Links and Foundation) received 0 complaints, 0 compliments and 1 concern, N/A of these were acknowledged or resolved within 28-days, in line with our policy.

Financial Review and Resources

Going Concern

These financial statements have been prepared on a going concern basis as the Management Committee have given due consideration to the forecasts, projections and level of resources required for future operations. Our services and funding continue to be at risk from ongoing cuts to Local Authority and National Health Service funding (and funding available from other statutory agencies). Whilst the operative environment will remain challenging, the Management Committee is confident that the reputation and competitiveness of the Company can contribute to modest growth in the next two years. Trustees believe the merger will continue to open up further possibilities for new income streams. The development of clear sustainability plans for the Group, alongside investment in dedicated resource for fundraising and grants related activity and the launch of new funding-related initiatives in the 2020-21 period which have since been delivering positive results, supports this belief.

The two largest members of the group (Community Links (Northern) Limited and Foundation) are both members of the Social Housing Pension Scheme (SHPS) which has had a significant impact on the accounts of both

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Community Links and Foundation. These are the only two companies within the group with this liability. There is a scheme-wide plan in place to repay the deficit by March 2026. Whilst this represents a significant cash outflow for the group, the directors believe it is a going concern and is able to meet its obligations moving forwards.

Due to the extensions of several service contracts by Authorities as a result of the pandemic in the 2020/2021 period, we are expecting to experience a bottleneck of tendering opportunities into 2021/2022. However, Trustees are pleased to note that the group has seen healthy growth beyond targets this year by securing new contracts which strengths our position going into a period of instability.

Financial Performance and Position at End of Year

The Group incurred a loss for the year of £2,261,000 (2020: £4,704,000 surplus). The difference in the result for the year was largely due to the difference in actuarial performance, with a loss £3,284,000 being recorded in 2020/21 compared to the gain of £3,456,000 in the prior year. As a result of this, the year end Statement of Financial Position has moved from a surplus of £3,809,000 to a surplus of £1,548,000.

Cash flow remains a priority target for the company and is monitored regularly to ensure Inspire North can meet its liabilities. The Group cash position at the yearend was £5.6 million.

Reserves

The Trustees regularly review the reserves of the charity, giving consideration to the nature of the income and expenditure streams, the need to match variable levels of income with fixed and planned commitments and the make-up of the reserves. Whilst the Trustees and management do not wish to hold reserves unnecessarily, in view of the current high risk of the public sector funding cuts and greater competition for available funding, we believe that a prudent policy is preserving and increasing our unrestricted reserves to a level which provides for six months of operating costs (including designated funds). Trustees recognise that this objective will not be achieved until the Pension Scheme deficit is cleared. General and designated reserves for the Group stood at £1,548k at the end of the period (2020: £3,809k). The primary reason for the major swing is the revaluation of the defined pension scheme liability. All funds of the group as at 31 March 2021 were unrestricted and excluding the pension liability stood at £6,949k.

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Investment policies

Inspire North has a policy whereby investments are held in a moderate portfolio managed by professional advisers. The Management Committee regularly considers the most appropriate policy for investing the limited funds available within its reserves, informed by regular cash flow forecasts. The funds arose from the sale of Foundation's head office. A formal investment policy was adopted by Trustees and Charles Stanley were appointed as professional investment advisers. Investment of the net sale proceeds in a low-moderate risk portfolio commenced in May 2018 with the aim of producing a return sufficient to protect the capital and generate income greater than cash deposit rates. This aim was achieved in 2020/21 with an overall performance of almost 17%.

Accounting policies

The Company's principal accounting policies are set out on pages 28 to 33 of the financial statements.

Pensions

Executive Officers do not have any different pension arrangements to other employees. Those who have joined the Company's pension schemes are members either of the 1/60th Final Salary Social Housing Pension Scheme (SHPS) or if they joined after 1 April 2007, the Career Average Re-valued Earnings scheme also part of SHPS and also using a 1/60th accrual rate. The SHPS defined benefit scheme was closed as at 31 March 2013 and all employees are now eligible to join the defined contribution scheme with SHPS. Auto enrolment was implemented in February 2014.

Donations and Sponsorship

The Group has made no financial donations or sponsorship in the year.

Payment of creditors

In line with government guidance, it is the Group's policy to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

Financial instruments

The Group's approach to risk management is set out on pages 15-16 of this report.

Fixed assets

There have been tangible and intangible fixed asset additions amounting to £44k during the year.

Financial risk management

The Group's operations may expose it to a variety of financial risks, including the effects of changes in interest rates on debt, credit risk and liquidity risk.

The Group does not have material exposures in any of the areas identified above and, consequently, does not use derivative instruments to manage these exposures.

The Group's principal financial instruments comprise sterling cash and bank deposits and obligations under property leases together with trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the Group's financial instruments can be analysed as follows:

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Price Risk

The Group has no exposure to securities price risk, as it holds no listed equity investment. Most of the Group's income is contracted providing pricing visibility and the fixed nature of many of the related costs mitigates associated risk.

Credit Risk

The Group's principal financial assets are bank balances, cash and trade debtors, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its tenant debtors. Credit risk is managed by monitoring the aggregate amounts and duration of exposure to any other tenant depending upon their credit history. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Group's management based on prior experience.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties.

Liquidity Risk

The Group holds most of its reserve in the form of bank and sterling money market deposits. It is therefore, not exposed to significant liquidity risk.

Interest bearing assets comprise cash and bank deposits, all of which earn interest at variable rates. There are no liabilities for loans or overdrafts.

Business Risk Register

The Group has a Business Risk Register identifying major risks and steps taken to mitigate the impact of likelihood of the risk occurring looking at operational, financial, governance and external risks. Risks are reviewed quarterly at board sub committee meetings and the top risks taken to main board each quarter. In relation to the key strands of our strategic plan, the key risks are:

- Loss of income through loss of contracts or funding cuts particularly local authority post Covid cuts
- Inability to recruit suitably qualified or high calibre employees
- General Data Protection Regulation
- Impact of legal challenges
- Impact of pension scheme valuations
- Forthcoming changes to CCG and NHS funding

Governance

Trustees and Executive Officers

The current Trustees and Executive Officers are set out on page 1. Inspire North's Management Committee (at 31 March 2021) comprises six Trustees (with each of our subsidiary organisations having three independent Trustees each) with a range of relevant skills and experience. Individually and collectively they exercise independent and objective judgement.

A sub-committee structure is still in place to ensure sufficient time is given to the activities of the group. Each Trustee serves on one of the three sub-committees:

- 1) Resources (chaired by the Treasurer);
- 2) Operations and Development (chaired by the Clinical Governance Lead); and
- 3) People and Culture (chaired by the Employee Well-being Champion).

To support the work of the Senior Leadership Team and adopt best practice, champion roles continue within the Management Committee, with a new Compliance Champion introduced in the year:

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REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Champion	Trustee representative
Clinical Governance	Anne Worrall-Davies (Community Links - CL)
Compliance	David Strachan (Inspire North - IN)
Co-production	Alina Kaur (IN)
Diversity & Inclusion	Cornelle Parker (CL)
Employee Wellbeing	Jaqueline Hallam (CL)
Freedom to Speak Up	Philip Turnpenny (IN)
Safeguarding	Richard Parry (IN)
Value for Money	Lisa Bradley (Foundation - FN)
Volunteer	Chris Welch (FN)

A Group Management Committee away day took place on 21st October 2020 which was externally facilitated. This was an opportunity to review how far the group had come since the merger. As part of the day, a virtual Meet and Greet was arranged between Trustees and employees from our services. This afforded colleagues the opportunity to share directly with Trustees what they thought was going well, what ideas they had for improvements and what more they hoping to achieve within their services.

The majority of Trustee appraisals have been carried out in the line with Inspire North's new group-wide Performance and Development Review Framework. The few outstanding as a result of disruption caused by the Covid-19 pandemic will be taking place early in the 2021-22 financial year. An up to date skills register is also maintained and used to support trustee recruitment.

The Management Committee has overall responsibility for the governance and strategic direction of the Company and the constitution empowers the Management Committee to take such steps as are necessary to achieve the Company's objectives and make appropriate arrangements for the sound management of its business. When necessary, the Management Committee consider the need to take independent professional advice and trustees receive all internal audit reports undertaken through the year.

Day to day management responsibilities are delegated by the Management Committee to the Senior Leadership Team under the direction of the Chief Executive. The Chief Executive is appraised annually by the Chair of the Board including 360-degree feedback from all direct reports, trustees and external stakeholders. Working closely with the Board, the Senior Leadership Team continues to provide leadership and professional support across the group.

Recruitment, Appointment and Training of Trustees

New Trustees are recruited through open advert and interviewed to ensure that collectively the Management Committee maintains a broad range of varied backgrounds, skills and experience. We endeavour to ensure the needs of our beneficiaries are reflected by the diversity of the Management Committee in terms of the skills and interests represented. Following an open recruitment process in early 2021, Alina Kaur was appointed as a new independent trustee for Inspire North. Additionally, Cornelle Parker moved from Inspire North to become a Trustee of Community Links (Northern) Ltd from 1st April 2021.

Under Article 3.5 of the Articles of Association, Trustees are elected to serve for a period of three years, after which they must be re-elected at the next Annual General Meeting. Trustees may serve for a maximum of three consecutive terms.

Whilst the Management Committee may include Trustees who are ex-clients, co-production is ensured at a senior level within the group through client or tenant voice representation at all Trustee Meetings. Client or tenant voice representatives participating in Management Committee level meetings are provided with a

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

thorough induction and have access to mentoring support from other Trustees, the Chief Executive and/or Group Director of Operations as required.

No Trustees had any other beneficial interest in any contract with the Company during the year. A declaration of interest register is kept, and all Trustees are expected to notify the Executive Assistant of any changes as they occur.

Conflict of interests are identified at the start of each Management Committee or Sub-committee meeting in relation to specific agenda items.

Clients/tenants invited to attend Management Committee meetings or take up other associated duties on behalf of the Company receive a nominal allowance in line with the Memorandum and Articles. Travel and other expenses incurred in the discharge of Trustee duties are reimbursed to all Trustees. No Trustee received any remuneration for services as a member of the Management Committee in 2020 to 2021.

Governance

The Trustees formally adopted the National Council for Voluntary Organisations' Code of Governance as being the most appropriate code to govern the activities of the Company.

Executive Remuneration

The Senior Leadership Team have received pay rises in line with NJC pay agreements alongside all relevant employees within Inspire North. Terms and conditions of employment remained unchanged.

Internal controls assurance

The Management Committee acknowledges its overall responsibility for establishing and maintaining the whole system of internal controls and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

In meeting its responsibilities, the Management Committee has adopted a risk-based approach to internal controls, which have been developed and embedded throughout the year through the normal management and governance process.

The Management Committee cannot delegate ultimate responsibility for the system of internal control, but it has delegated authority to the Resources Committee to regularly review the effectiveness of the system of internal control. The Management Committee receives the minutes of all Resources Committee meetings.

The group has invested heavily in improved technology and additional security measures such as Mimecast.

The following key procedures are adopted which are designed to achieve effective internal financial control:

Monitoring and corrective action

Risks are monitored regularly by the senior leadership team and significant variances reported to Board committees on a quarterly basis. Should any change in risk levels occur, the reasons for the change are established and the necessary action plans are developed and taken to the Board. In addition to a corporate Group risk register, each company in the group has an additional individual risk register in place to track risks which are specific to that company.

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REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Environment and control procedures

Inspire North believes that environmental protection should form an integral part of standard operating procedures. The Company is concerned not only with its direct impact on the environment, but also any indirect effects caused by the Company's activities affecting its neighbours and the local community.

Inspire North maintained ISO 14001 and will be developing a full environmental strategy during 2021-22.

Inspire North's current environmental action plan articulates the Company's commitment to sound environmental management.

This action plan will be implemented through the following activity:

- Encouragement of environmental responsibility amongst our stakeholders, including clients/tenants, contractors, suppliers, and colleagues.
- Conducting our Operations in a way that minimises our consumption of natural resources and manages waste through responsible disposal and the reuse and recycling of materials, where economically feasible.
- Development of a group environmental strategy

Information and financial reporting systems

Monthly accounts are prepared by the Inspire North Finance Team and distributed to Executive Officers, Senior Managers and Service or Project Managers, who report monthly on significant variances. Accounts are submitted to the Resources Subcommittee for review each quarter and then on to the main Management Committee, also quarterly.

Related parties

No Trustee had any beneficial interest in any contract with the Company in 2020 to 2021. Tenants are also on normal commercial terms.

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law and registered social housing legislation requires the Trustees to prepare financial statements for each financial period. Under that law Trustees (who are also Directors of the charitable company) have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the surplus or deficit of the Company for that year. In preparing these financial statements the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

The Management Committee is responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing. It is also responsible for taking reasonable steps to safeguard the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management Committee is responsible for ensuring that the report of the Board is prepared in accordance with the Housing SORP 2018 Statement of Recommended Practice for Social Housing Providers.

The Management Committee is also responsible for the maintenance and integrity of the corporate and financial information on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in the annual reports may differ from legislation in other jurisdictions.

Annual general meeting

The annual general meeting will be held on 23 September 2021.


Statement as to disclosure of information to the auditor

The Management Committee, who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditor is not aware. The Management Committee have confirmed that they have taken all the steps they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

External auditor

The auditor, RSM UK Audit LLP has indicated their willingness to continue in office.

This report including Strategic report was approved by the Board on and signed on its behalf by:

X 

Chair: Claire Vilarrubi

Date: 14 September 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INSPIRE NORTH FOR THE YEAR ENDED 31 MARCH 2021

Opinion

We have audited the financial statements of Inspire North (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Group Statement of Financial Activities (incorporating the Income and Expenditure Account), the Group and Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2021 and of the group's 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.

Basis for opinion

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

INSPIRE NORTH

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INSPIRE NORTH FOR THE YEAR ENDED 31 MARCH 2021

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 require us to report to you if, in our opinion:

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

INSPIRE NORTH

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INSPIRE NORTH FOR THE YEAR ENDED 31 MARCH 2021

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and parent charitable company operate in and how the group and parent charitable company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the Housing and Regeneration Act 2008, the Accounting Direction of Private Registered Providers of Social Housing 2019 and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are Health and Safety at Work Act 1974 and Regulator of Social Housing Regulatory Standards (both Economic and Consumer standards) and the Care Quality Commission Standards. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to [testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and undertaking analytical review procedures and substantive tests of detail to ensure that revenue was appropriately recognized in the year.

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

Use of our report

This report is made solely to the charitable company'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 charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

ANDREW ALLCHIN FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Central Square, Fifth Floor
29 Wellington Street
Leeds
LS1 4DL

Date *21 September 2021*

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

INSPIRE NORTH

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted Funds	Restricted Funds	Total 2021	Total 2020 Combined
		£'000	£'000	£'000	£'000
Income from:					
Charitable activities		9,941	-	9,941	9,614
Other trading activities		1,222	-	1,222	1,353
Investments	5	12	-	12	31
Social housing	3	4,977	-	4,977	4,554
Other social housing activities	3	5,795	-	5,795	5,358
Total income		21,947	-	21,947	20,910
Expenditure on:					
Charitable activities	6	9,993	-	9,993	9,509
Other		540	-	540	761
Social housing and social housing activities	3	10,391	-	10,391	9,392
Total Expenditure		20,924	-	20,924	19,662
Net income		1,023	-	1,023	1,248
Other recognised (losses)/ gains:					
Actuarial (losses)/gains on defined benefit pension schemes	20	(3,284)	-	(3,284)	3,456
Net movement in funds before tax		(2,261)	-	(2,261)	4,704
Taxation	8	-	-	-	-
Net movement in funds after tax	7	(2,261)	-	(2,261)	4,704
Reconciliation of funds:					
Total funds brought forward		3,809	-	3,809	(895)
Total funds carried forward		1,548	-	1,548	3,809

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.


INSPIRE NORTH

CONSOLIDATED BALANCE SHEET

AS AT YEAR ENDED 31 MARCH 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	11	17	46
Tangible assets	13	1,093	1,133
Housing Properties	12	1,001	1,022
Investments	14	652	561
		<u>2,763</u>	<u>2,762</u>
Current assets			
Debtors	15	2,533	3,228
Cash at bank and in hand		5,581	3,850
		<u>8,114</u>	<u>7,078</u>
Creditors: amounts falling due within one year	16	(3,790)	(3,207)
Net current assets		<u>4,324</u>	<u>3,871</u>
Total assets less current liabilities		<u>7,087</u>	<u>6,633</u>
Creditors: amounts falling due after more than one year	18	(138)	(141)
Provisions for liabilities			
Defined benefit pension scheme liability	20	(5,401)	(2,683)
Total Assets		<u>1,548</u>	<u>3,809</u>
The funds of the charity:			
Restricted income funds	21	-	-
Unrestricted income funds	21	1,548	3,809
Total charity funds		<u>1,548</u>	<u>3,809</u>

The financial statements on pages 24 to 55 were approved by the board of directors and authorised for issue on 14 September 2021 and are signed on its behalf by:

X 
C Vilarrubi
Director

INSPIRE NORTH

Company Registration No. 11568263


CHARITY BALANCE SHEET**AS AT 31 MARCH 2021**

	Notes	2021	2020
		£'000	£'000
Fixed assets			
Intangible assets	11	17	40
Other tangible assets		22	10
Investment	14	-	-
		<u>39</u>	<u>50</u>
Current assets			
Debtors	15	315	228
Cash at bank and in hand		66	109
		<u>381</u>	<u>337</u>
Creditors: amounts falling due within one year	16	(334)	(368)
Net current Assets/(liabilities)		<u>47</u>	<u>(31)</u>
Total assets less current liabilities		<u>86</u>	<u>19</u>
Total Assets		<u>86</u>	<u>19</u>
The funds of the charity:			
Restricted income funds	21		
Unrestricted income funds	21	86	19
Total charity funds		<u>86</u>	<u>19</u>

Parent Statement of Financial Activities

As permitted by Section 408 of the Companies Act 2006, the Statement of Financial Activities of the parent Charity is not presented as part of these financial statements. The Charity's surplus for the year was £66,866 (2020: £73,184).

The financial statements on pages 24 to 55 were approved by the board of directors and authorised for issue on 14 September 2021 and are signed on its behalf by:

X 
C Vilarubi
Chair

INSPIRE NORTH

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 MARCH 2021

		2021		2020	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Cash Generated/(absorbed) from	25		1,934		(220)
Interest paid			(81)		(103)
Income taxes paid			-		-
Net cash Inflow /(outflow) from operating activities			1,853		(323)
Investing activities					
Purchase of intangible assets		-		(51)	
Purchase of tangible fixed assets		(44)		(48)	
Proceeds of disposal of tangible assets		-		9	
Purchase of other investments		(91)		46	
Interest received		13		17	
Net cash Used in investing activities		(122)		(27)	
Net Increase/(decrease) in cash and cash equivalents			1,731		(350)
Cash and cash equivalents at beginning of year			3,850		4,200
Cash and cash equivalents at end of year			5,581		3,850

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Charity information

Inspire North is a charitable company limited by guarantee (company number 11568263) and also a Charity registered in England and Wales (charity number 1180693). The registered office is 3 Limewood Way, Seacroft, Leeds, LS14 1AB.

The charity's objectives and aims are disclosed in the Board of Trustees and Strategic Report.

Accounting convention

The financial statements have been prepared in accordance with the charitable company's memorandum and articles of association, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from March 2018). The charitable company is a Public Benefit Entity as defined by FRS 102.

The financial statements are presented in Pound sterling £, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The charity constitutes a public benefit entity as defined by FRS102.

Going concern

The Trustees have prepared these financial statements on the going concern basis. The Trustees have prepared detailed annual forecasts and the company is included in the Group 5-year strategic plan. The Trustees believe that the Charity will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. The Trustees have further prepared a 5 Year Financial Plan to March 2023. Most of the group's contracts have been extended until at least March 2022. The net assets position for the group has been reduced because of the revaluation of the SHPS pension scheme in Community Links and Foundation but Trustees remain confident that the deficit funding requirements can continue to be met. Based on the information currently available in respect of the future, the Trustees consider that the Charity has the plans and resources to manage its business risks successfully and can continue to adopt the going concern basis of preparation.

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (continued)

Basis of consolidation

The charity became the sole /member of the following charities/companies:

Foundation (charity number 515517, company number 01829004, HCA registration 4688)
Community Links (Northern) Limited (charity number 0514779, company number 01657652)
Bridging The Gap PD Services (company number 08372806)
Foundation Stone Enterprises Limited (company number 08895921)

All financial statements are made up to 31 March 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

Reduced disclosure

The charity is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The charity has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – presentation of a statements of cash flow and related notes and disclosures;

Departures from Charities SORP

The following notes to the accounts have been included in order to comply with the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" of which the subsidiary entity, Foundation, is compliant with:

- Particulars of income and expenditure from social housing lettings; and
- Accommodation in management and development.

Income

All income is recognised once the Charity has legal entitlement to the income, it is probable that the income will be received and the amount of which can be measured reliably. All income is received in £ sterling. Value Added Tax is not applicable to the principal sources of income.

Charitable activities

The Charity carries out work for government bodies and income under these contracts is recognised once performance conditions attached to income have been met. Incoming resources on government contracts are included in the statement of financial activities when the Charity is entitled to the income and the amount can be quantified with reasonable accuracy.

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (continued)

Investment income

Investment income consists of interest on deposits and is included when receivable.

Other trading activities

Other trading activities consists of rental income, contract income, grant income and, income from legal advice.

Rental income is recognised on a receivable basis. Payment received from guests in advance of their stay is recorded as deferred income.

Contract income is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Grant income is recognised in the year in which entitlement exists and the amount can be measured with reasonable certainty and measurability.

Income from legal advice is recognised as the services are provided.

Social housing

Social housing income comprises rental and service charge income receivable in the period and is recognised as the service is provided. The charity reviews the costs of delivering its services to its customers on an annual basis and sets the charges based on these costs.

Expenditure

All expenditure is included in the Statement of Financial Activities on an accruals basis.

Charitable funds

Unrestricted reserve funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted reserve funds are funds which are to be used in accordance with specific restrictions imposed by the donors. The costs associated with the utilisation of management of those funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (continued)

Intangible Fixed Assets

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows: -

Purchased computer software	3 years
-----------------------------	---------

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

Housing properties

Housing properties are carried on the balance sheet at cost. The estimated useful lives applied which are detailed below:

Building	100 years
Roof Tile	50 years
Windows and doors	30 years
Boiler and fire	15 years
Kitchen	20 years
Bathroom	30 years
Radiators	30 years
Wiring	30 years
Grant	25 years

Management have considered the impairment review rules and concluded that as there are no indicators of impairment, no formal review is required at the present time. Only three properties are let for social housing, the remaining properties are managed by Foundation Stone and let to non-social housing tenants.

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit.

Completed housing properties are principally properties available for rent and are stated at historical cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings and development costs.

Works to existing properties, which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 MARCH 2021**

1 Accounting policies (continued)**Tangible fixed assets**

Depreciation is provided on a straight-line basis in order to write tangible fixed assets down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down would be charged to direct charitable expenditure: provision of accommodation. The principal annual rates used are:

Freehold buildings (excluding land)	over 25-50 years
Land	Not depreciated
Improvements to leasehold property	over 5-12 years of the lease term
Fixtures, fittings and equipment	over 3-5 years

A full year's depreciation is charged in the year of acquisition. No depreciation in the year of disposal.

The de-minimis level for capital expenditure is £2,000.

Pensions

Defined contribution scheme costs are accounted for in the period in which they are incurred. Any differences between costs incurred and cash payments made are included as accruals or prepayments.

Foundation and Community Links (Northern) Limited are members of the Social Housing Pension Scheme administered by The Pensions Trust. The current scheme is a Defined Contribution scheme as the Defined Benefit scheme was closed as at 31 March 2013. The Group is required to contribute to the deficit recovery plan for the defined benefit scheme. It was previously not possible to identify the share of underlying assets and liabilities belonging to individual participating employers. However, sufficient information became available to identify this from 31 March 2019 and, consequently, the SHPS has since been accounted for as a defined benefit scheme. The FRC issued FRED 71 (Draft amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, Multiemployer defined benefit plans) which provides proposed changes to FRS 102 on the issue.

The Group continues to operate a money purchase pension scheme for employees who were in the existing Scheme as at 1 January 1999 and did not wish to enter the SHPS. The assets of the Scheme are invested and managed independently of the finances of the Group. The pension cost charged to the statement of financial activities represents contributions payable in the year.

Operating leases

Rentals payable under property leases are charged to the statement of financial activities on a straight-line basis over the period of the lease.

Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (continued)

Financial assets

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Taxation

Inspire North, Foundation and Community Links are registered charities and as such, are exempt from tax on income and gains falling within Chapter 3 Part II Corporation Tax Act 2010 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable object. The Group's trading subsidiaries are liable to corporation tax on their trading profits.

Investments

Investments in subsidiary are recorded at cost less any provision for impairment losses.

Investments in quoted investments are carried at valuation based on the market price at the year end date.

2 Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following key judgements and estimates were made in preparing the financial statements:

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. Details of depreciation rates can be found in note 1 and the depreciation charge in notes 12-13.

Pension liability discount rate

The rate of discount detailed in Note 20 is that provided by TPT Retirement Solutions who administer the SHPS Pension Scheme which is based on the market yields on AA corporate bonds at the reporting date.

Defined benefit pension scheme

The present value of the Social Housing Pension Scheme (SHPS) defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. During the period, the SHPS is now able to be accounted for as a defined benefit scheme and the accounting has been changed from defined contribution scheme in the previous period.

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

3a Social housing and social housing activities

	Turnover £'000	2021 Operating Costs £'000	Operating Surplus/(Deficit) £'000	Turnover £'000	2020 Operating Costs £'000	Operating Surplus/(Deficit) £'000
Social housing activities						
Income and expenditure from lettings	4,977	(4,249)	728	4,555	(3,881)	674
Other social housing activities						
Supporting people contract income	5,775	(6,123)	(348)	5,358	(5,511)	(153)
Other social housing income and expenditure	20	(19)	1	-	-	-
	5,795	(6,142)	(347)	5,358	(5,511)	(153)
Total	10,772	(10,391)	381	9,913	9,392	521

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

3b Particulars of income and expenditure from social housing lettings

	2021 Supported Housing £'000	2020 Supported Housing £'000
Turnover from social housing lettings		
Rent receivable	3,473	3,117
Void Costs	(241)	(276)
Service Charges Receivable	1,872	1,768
Debts written off	(127)	(54)
Net rental income	4,977	4,555
Other revenue grants	-	-
Turnover from social housing lettings	4,977	4,555
Expenditure on social housing lettings		
Rent	(2,593)	(2,276)
Costs relating to tenants	(73)	(17)
Light and heat	(68)	(55)
Routine maintenance	(152)	(139)
Planned maintenance	(650)	(692)
Staff costs	(679)	(626)
Other Costs	(54)	(34)
Bad Debts Provision	20	(42)
Operating costs on social housing lettings	(4,249)	(3,881)
Operating Surplus on social housing lettings	728	674

4 Accommodation in management and development

At the end of the year, accommodation in management was as follows:

	2021 Units	2020 Units
Supported housing-owned	9	10
Supported housing managed	547	557
General Needs – owned	7	-
General Needs – managed	39	-
Total units	602	567

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

5 Investment income

The Group's investment income of £12,392 (2020: £31,000) arises from money held in interest bearing deposit accounts and from quoted investments.

6 Analysis of expenditure on charitable activities

	2021 £'000	2020 £'000
Salaries and related costs	7,389	6,890
Consultant (External Services)	93	383
Rent and rates	286	285
Property repairs and maintenance	125	135
Voids and rent losses	24	13
Furnishing and decorating	97	84
Heating and lighting	50	68
Other property	14	16
Residents food and laundry	67	85
Client activities	43	98
Depreciation	68	66
Publicity	19	14
Telephone, printing	76	88
Legal and professional	18	5
General office expenses	201	230
Subscriptions and donations	8	11
Bank charges	2	4
Employee counselling	15	8
Governance costs	17	34
Central Overheads	1,381	992
	<u>9,993</u>	<u>9,509</u>

7 Net movement in funds

Net movement in funds is stated after charging:

	2021 £'000	2020 £'000
Auditor's remuneration:		
Audit fees	35	34
Accountancy services	4	4
Depreciation	105	139
Amortisation	29	30
Operating lease rentals – Land and buildings	478	476
Release of Government Grant	(3)	(3)
	<u></u>	<u></u>

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

8 Taxation

	2021 £'000	2020 £'000
Current tax		
UK corporation tax on profits for the current period	-	-
Adjustment in respect of previous periods	-	-
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>

The total tax charge for the year can be reconciled to the loss per the income statement as follows:

	2021 £'000	2020 £'000
(Loss)/surplus for the period	(2,261)	4,704
	<hr/>	<hr/>
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2020: 19%)	(430)	894
Adjustments to tax charge in respect of prior periods	-	-
Non-taxable income	-	(894)
Losses not recognised	430	-
	<hr/>	<hr/>
Tax charge for the period	-	-
	<hr/>	<hr/>

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

9 Employees

Number of employees

The average monthly number of employees during the year was:

	Group		Charity	
	2021 Number	2020 Number	2021 Number	2020 Number
Charitable work and provision of supported accommodation	422	405	-	-
Support services	46	39	46	39
	<u>2021</u> <u>£'000</u>	<u>2020</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>	<u>2020</u> <u>£'000</u>
Employment costs				
Salaries	11,885	11,024	1,621	1,236
Social Security Costs	1,016	890	158	113
Other pension costs	431	379	67	43
	<u>13,332</u>	<u>12,293</u>	<u>1,846</u>	<u>1,392</u>

Number of employees

The average monthly number of people employed during the year expressed as full-time equivalents was:

	Group		Charity	
	2021 Number	2020 Number	2021 Number	2020 Number
Full-time equivalent employees	410	386	43	36

Redundancy payments of £11,835 (2020: £9,452) were paid in the year.

Executive Officers' and senior staff emoluments

	Charity	
	2021 £	2020 £
Aggregate emoluments paid to all Executive Officers, excluding pension contributions	332,159	329,021
Aggregate amount of all Executive Officers' pensions	14,581	14,087
Aggregate amount of all Executive Officers' Employer's NI Contribution	39,777	38,543

Emoluments for the Officers fall into the following bands:

	2021 Number	2020 Number
More than £60k but not more than £70k	5	3

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

9 Employees (continued)

No other employees received emoluments of more than £60,000. One employee earns more than £70K. Executive officers are entitled to the same company pension contributions as all other employees. The Chief Executive and Executive Officers are deemed to be the key management personnel of the Charity.

10 Trustees

The Memorandum and Articles of the Charity allow the payment of reasonable reimbursed expenses to Board Trustees. No Trustee expenses were paid in 2021 (2020: £664). During the current and prior year, the directors received no remuneration.

11 Intangible assets

Group	Software £'000
Cost	
At 1 April 2020	399
Additions	-
	<hr/>
At 31 March 2021	399
	<hr/>
Amortisation	
At 1 April 2020	353
Charged in the year	29
	<hr/>
At 31 March 2021	382
	<hr/>
Net book value	
At 31 March 2021	17
	<hr/>
At 31 March 2020	46
	<hr/>

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

11 Intangible assets (continued)

Charity	Software £'000
Cost	
At 1 April 2020	69
	<hr/>
At 31 March 2021	69
	<hr/>
Amortisation	
At 1 April 2020	29
Charged in the year	23
	<hr/>
At 31 March 2021	52
	<hr/>
Net book value	
At 31 March 2021	17
	<hr/>
At 31 March 2020	40
	<hr/>

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

12 Tangible fixed assets – housing properties

Group

	Social housing properties held for letting £'000
Cost	
At 1 April 2020	1,460
Additions	12
	<hr/>
At 31 March 2021	1,472
	<hr/>
Depreciation	
At 1 April 2020	438
Charge for year	33
	<hr/>
At 31 March 2021	471
	<hr/>
Net book value	
At 31 March 2021	1,001
	<hr/>
At 31 March 2020	1,022
	<hr/>

Included in the above is a property in Scarborough with a net book value of £124,880 (2020: £127,090). There is a 30-year charge on the property that is being used to house vulnerable people.

The charity had no housing property fixed assets as at 31 March 2021.

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

13 Tangible fixed assets

Group

	Freehold land and Buildings	Improvements to leased property	Fixtures, Fittings and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2020	1,279	165	438	1,882
Additions	-	-	32	32
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021	1,279	165	470	1,914
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2020	259	164	326	749
Charged in the year	26	1	45	72
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021	285	165	371	821
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2021	994	-	99	1,093
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2020	1,019	1	113	1,133
	<hr/>	<hr/>	<hr/>	<hr/>

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

14 Fixed asset investments

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Listed investments	652	561	-	-
Investments in subsidiaries	-	-	-	-
	<u>652</u>	<u>561</u>	<u>-</u>	<u>-</u>

Through the controlling interest in Foundation and Community Links respectively, investments in subsidiaries represent the 100% holdings in Foundation Stone Enterprises Limited and Bridging the Gap PD Services Limited, both companies incorporated in England and Wales with a registered office at 3 Limewood Way, Seacroft, Leeds, LS14 1AB.

Foundation Stone Enterprises Limited delivers housing related legal services to a social lettings agency. Bridging the Gap PD Services Limited provides specialised services to men with personality disorders.

Listed investments

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Market value at 1 April	561	607	-	-
Additions	-	-	-	-
Fees and charges	(5)	(5)	-	-
Income received	9	14	-	-
Market movement	87	(55)	-	-
	<u>652</u>	<u>561</u>	<u>-</u>	<u>-</u>

Quoted investments consist of a portfolio of low risk equity and debt holdings managed by Charles Stanley.

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

15 Debtors

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade debtors	1,258	1,778	33	35
Rents receivable	483	392	-	-
Other debtors	47	47	2	4
Amounts due from group undertakings	-	-	27	32
Prepayments and accrued income	745	1,011	253	157
	<u>2,533</u>	<u>3,228</u>	<u>315</u>	<u>228</u>

Rents receivable is stated after provision for bad debt of £181k (2020: £210k).

16 Creditors: amounts falling due within one year

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade creditors	633	599	147	95
Grants and funding in advance	130	122	20	20
Other creditors	199	99	4	7
Other taxation and social security	254	233	41	36
Amounts due to group undertakings	-	-	27	149
Accruals and deferred income	2,574	2,154	95	61
	<u>3,790</u>	<u>3,207</u>	<u>334</u>	<u>368</u>

17 Deferred government grant and Deferred Income

Group

	Deferred income		Government grant	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Brought forward	1,203	1,338	143	146
Additions	5,586	4,516	-	-
Released during the year	(4,955)	(4,651)	(3)	(3)
	<u>1,834</u>	<u>1,203</u>	<u>140</u>	<u>143</u>

In the Charity there was no movement in the year in Grants and Other Funding in Advance.

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

18 Creditors: amounts falling due after more than one year

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Grants and funding in advance	138	141	-	-
	<u>138</u>	<u>141</u>	<u>-</u>	<u>-</u>

19 Financial instruments

Financial assets measured at amortised cost

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade debtors	1,258	1,778	33	35
Rent receivable	483	392	-	-
Amounts due to group undertakings	-	-	27	32
Accrued income	335	550	1	1
Other debtors	47	47	2	-
	<u>2,123</u>	<u>2,767</u>	<u>63</u>	<u>68</u>
Financial assets measured at fair value	652	561	63	68

Financial liabilities measured at amortised cost

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade creditors	633	599	147	95
Other creditors	582	455	65	27
Amounts due to group undertakings	-	-	27	148
Accruals	741	951	90	52
	<u>1,956</u>	<u>2,005</u>	<u>329</u>	<u>322</u>

20 Pension

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Social Housing Pension Scheme (SHPS)

Within the group, Foundation and Community Links (Northern) Limited participate in the multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK and subject to funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026. The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme. For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme. For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

Reconciliation of opening and closing provisions

	2021	2020	2019
	£'000	£'000	£'000
Provision at start of period	2,683	6,603	3,550
Unwinding of the discount factor (interest expense)	57	147	137
Deficit contribution paid	(646)	(635)	(625)
Expenses	24	24	24
Remeasurements – impact of any change in assumptions	3,284	(3,456)	1,470
Recognition as defined benefit pension scheme	-	-	2,047
	<hr/>	<hr/>	<hr/>
Provision at the end of period	5,402	2,683	6,603
	<hr/>	<hr/>	<hr/>

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

20 Pension (continued)

Income and expenditure impact

	2021	2020	2019
	£'000	£'000	£'000
Interest expense	57	147	137
Expenses	24	24	24
Total income and expenditure impact	81	171	161

Assumptions	2021 % per annum	2020 % per annum	2019 % per Annum
Rate of discount	2.20	2.36	2.33

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The liabilities set out in this note have been calculated by an independent actuary based on the most recent full actuarial valuation. The results of the calculations and the assumptions that have been adopted are shown below.

Key assumptions

	2021 £'000
Discount rate	2.20
Inflation (RPI)	3.26
Inflation (CPI)	2.87
Salary growth	3.87

Mortality assumptions

Assumed life expectations on retirement at age 65:

	2021 Periods
Retiring today	
Male	21.6
Female	23.5
Retiring in 20 years	
Male	22.9
Female	25.1

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

20 Pension (continued)

Amounts recognised in the Income and Expenditure account:

	2021 £'000
Expenses	24
Net interest on defined benefit liability	57
	<u>81</u>

Amounts taken to other recognised gains/(losses):

	2021 £'000
Experience gain on plan assets	1,776
Experience gain on plan liabilities	263
Effect of changes in demographic assumptions	(93)
Effect of changes in the financial assumptions	(5,230)
	<u>(3,284)</u>
Total actuarial loss	<u>(3,284)</u>

The amounts included in the statement of balance sheet arising from the group's obligations in respect of defined benefit plans are as follows:

	2021 £'000
Present value of defined benefit obligation	26,175
Fair value of plan assets	20,773
	<u>(5,402)</u>

Movements in the present value of defined benefit obligations:

	2021 £'000
Liabilities at 1 April 2020	21,359
Expenses	24
Interest cost	496
Actuarial gain due to scheme experience	(263)
Actuarial losses due to changes in demographic assumptions	93
Actuarial losses due to changes in financial assumptions	5,230
Benefits paid	(764)
	<u>26,175</u>
At 31 March 2021	<u>26,175</u>

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

20 Pension (continued)

Movements in the fair value of plan assets:

	2021 £'000
Fair value of assets at 1 April 2020	18,676
Interest income	439
Experience on plan assets	1,776
Contributions by the employer	646
Benefits paid	(764)
At 31 March 2021	20,773

The actual return on plan assets was £2,215,000.

The analysis of the scheme assets at the reporting date were as follows:

	2021 £'000
Global equity	3,311
Absolute return	1,146
Distressed opportunities	600
Credit relative value	654
Alternative risk premia	783
Fund of hedge funds	2
Emerging markets debt	839
Risk sharing	756
Insurance-linked securities	499
Property	431
Infrastructure	1,385
Private debt	495
Opportunistic illiquid Credit	528
High Yield	622
Opportunistic Credit	569
Corporate bond fund	1,227
Liquid Credit	248
Long lease property	408
Secured income	864
Liability driven investment	5,280
Net current assets	126
	20,773

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

21 Analysis of movement between funds

	Balance at 1 April 2020	Net Income/ (expenditure)	Transfer	Balance at 31 March 2021
	£'000	£'000	£'000	£'000
General funds				
Unrestricted funds	6,050	457	8	6,515
Pension reserve	(2,683)	(2,718)	-	(5,401)
	<u>3,367</u>	<u>(2,261)</u>	<u>8</u>	<u>1,114</u>
Designated funds:				
St Peter's Building	314	-	(5)	309
Scarborough Property	128	-	(3)	125
	<u>442</u>	<u>-</u>	<u>(8)</u>	<u>434</u>
Total general funds	<u>3,809</u>	<u>(2,261)</u>	<u>-</u>	<u>1,548</u>

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

21 Analysis of movement between funds (continued)

	Balance at 1 April 2019	Net Income/ (expenditure)	Transfer	Balance at 31 March 2020
	£'000	£'000	£'000	£'000
General funds				
Unrestricted funds	5,254	784	12	6,050
Pension reserves	(6,603)	3,920	-	(2,683)
	(1,349)	4,704	12	3,367
Designated funds:				
St Peter's Building	320	-	(6)	314
Innovation and Project Development	4	-	(4)	-
Scarborough Property	130	-	(2)	128
Total general funds	(895)	4,704	-	3,809

The Charity net funds are all unrestricted funds and arose following net income of £73k in the year.

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

21 Analysis of movement between funds (continued)

While the amounts included in designated funds are not contractually committed at the year end, the Directors have earmarked the funds for the purposes listed below:

The St Peter's Building Fund has been designated by the Directors in respect of the five properties gifted by St Peter's Christian Project.

The Innovation and Project Development Fund comprises a specific legacy for a North Yorkshire team and is being used for specialised training and related activities.

The Scarborough Property Fund is a property comprising three flats which was donated to Foundation.

Group	Unrestricted £'000	Restricted £'000	Total £'000
Fund balances at 31 March 2021 are represented by:			
Fixed assets	2,763	-	2,763
Current assets	8,114	-	8,114
Current liabilities	(3,790)	-	(3,790)
Non-Current liabilities	(138)	-	(138)
Pension provision	(5,401)	-	(5,401)
	<u>1,548</u>	<u>-</u>	<u>1,548</u>
	Unrestricted £'000	Restricted £'000	Total £'000
Fund balances at 31 March 2020 are represented by:			
Fixed assets	2,762	-	2,762
Current assets	7,078	-	7,078
Current liabilities	(3,207)	-	(3,207)
Non-Current liabilities	(141)	-	(141)
Pension provision	(2,683)	-	(2,683)
	<u>3,809</u>	<u>-</u>	<u>3,809</u>
Charity			Unrestricted £'000
Fund balances at 31 March 2021 are represented by:			
Fixed assets			39
Current assets			381
Current liabilities			(334)
			<u>86</u>

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

22 Statement of financial activities – comparative note

	Unrestricted Funds 2020	Restricted Funds 2020	Total Funds 2020
For the year ended 31 March 2020	£'000	£'000	£'000
Income			
Charitable activities	9,614	-	9,614
Other trading activities	1,352	-	1,352
Investments	31	-	31
Social housing	4,555	-	4,555
Other social housing activities	5,358	-	5,358
Expenditure			
Charitable activities	9,509	-	9,509
Other	761	-	761
Social housing and social housing Activities	9,392	-	9,392
Net Income/(Expenditure)	1,248	-	1,248
Other recognised gains / (losses):			
Actuarial gains/(losses) on defined benefit pension schemes	3,456	-	3,456
Initial recognition of multi-employer defined benefit scheme	-	-	-
Net movement in funds before tax	4,704	-	4,704
Taxation	-	-	-
Net movement in funds after tax	4,704	-	4,704
Total funds as at 1 April 2019	(895)	-	(895)
Total funds as at 1 April 2020	3,809	-	3,809

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

23 Commitments Operating Leases

The Group has the following annual commitments under non-cancellable leases as follows:

	2021 £'000	2020 £'000
Within one year	233	230
Within two to five years	370	350
	<u>603</u>	<u>580</u>

The Company had no annual commitments under non-cancellable leases.

24 Related party transactions

Details of the executive officer's remuneration, who are considered to be key management personnel, are disclosed in Note 9.

During the period costs amounting to £1,505,700 (2019/20 £1,038,345) were recharged from Inspire North to Foundation. At the yearend there was an amount of £1,104 (2019/20 £30,543 owing by Foundation to Inspire North) owing by Inspire North to Foundation.

During the period costs amounting to £1,727,336 (2019/20 £995,710) were recharged from Inspire North to Community Links. At the yearend there was an amount of £26,080 (2019/20 £148,537) owing by Inspire North to Community Links.

25 Net cash flow from operations

Group

	2021 £'000	2020 £'000
Net income for the year	1,024	1,248
Income tax expense	-	-
Finance costs	81	103
Profit/(loss) on disposal of tangible assets	-	4
Depreciation and amortisation	134	169
Investment income	(13)	(17)
Pension scheme non-cash movement	(566)	(464)
(Increase)/decrease in debtors	695	(1,341)
Increase/(decrease) in creditors	579	78
	<u>1,934</u>	<u>(220)</u>

A consolidated analysis of changes in net debt is not presented as the Group had no net debt at 1 April 2020 or 31 March 2021