



Annual Report and Financial Statements

for the year ended 31 March 2021

Registered Charity Number - 1155110

Spirit of 2012

For the Year Ended 31 March 2021

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CHARITY INFORMATION

Trustee	The sole Trustee is Spirit of 2012 Trustee Limited as Corporate Trustee
Directors of the Corporate Trustee	Hayley Bennett James Dacre Kirsty Ewen Jane, Lady Gibson Kieran Harding Raj Jethwa Graham Loader Susie Rodgers MBE Bethany Steventon-Crinks Oksana Yesina
Secretary and Trust Administrator	Ruth Hollis
Protector	Jon Siddall
Key Executive Management Personnel	Ruth Hollis, Chief Executive Jane Duncan, Head of Finance and Operations Amy Finch, Head of Programmes and Impact
Solicitors and Company Secretary to Spirit of 2012 Trustee Limited	Bates Wells 10 Queen Street Place London EC4R 1BE
Principal Office	Room S100, New Wing Somerset House, Strand London WC2R 1LA
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Metro Bank One Southampton Row London WC1B 5HA
Investment Managers	Barclays Wealth Management 1 Churchill Place London E14 5HP

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FOREWORD FROM THE CHAIR AND CHIEF EXECUTIVE

Peter Ainsworth's legacy

We would like to open this annual report by paying tribute to Peter Ainsworth who founded Spirit of 2012 as Chair of the (then) Big Lottery Fund. Peter was inspired by the way that the London 2012 Olympic and Paralympic Games brought people together, with both their families and communities in a shared sense of happiness, optimism and pride. He saw the potential for this to be extended to other events, and the value in understanding how taking part in group activities can lead to greater individual and community wellbeing, and connection to the world around us. We are proud and honoured to continue the work to realise this vision as part of Peter's legacy.

Our resilient grant-funded partners

This past year (2020-21) has been dominated by the impact of COVID-19, on our organisation the projects we fund and the research we are able to do. Over a year into the pandemic, Spirit is still operating remotely and the majority of our funded projects are, to a greater or lesser degree, operating in a digital rather than physical space.

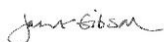
The highlight of this difficult year has been seeing the variety of ways in which our grant-funded partners have responded to the challenges. Their commitment to reaching and maintaining engagement with those most at risk of being left behind or excluded by the pandemic has been outstanding. As Spirit's focus is the social value of participating with others through sport, arts and culture, and volunteering, we have spent much of this year supporting our funded partners to adapt to this new world, and thinking about what the post-COVID-19 future looks like. There have been challenges, but we have seen partners grow in confidence. The ways in which they have adapted and kept that vital engagement with participants have shown creativity and ingenuity. These have included the production and distribution of creative wellbeing packs for people living with dementia, Zoom music-writing sessions for carers, and Get Out, Get Active (GOGA) activity packs delivered alongside food parcels to some of the most vulnerable people in the community. We have been incredibly impressed by their willingness to come together, virtually, and support each other, managing change, safeguarding in a digital environment, and developing new approaches to equity, diversity and inclusion.

Team Spirit

We are delighted to have welcomed three new directors to the Board and four new staff members this year. The team has continued to work remotely in line with guidance and we want to acknowledge resilience they have shown dealing with long periods of working at home.

2022 and beyond

Whilst we cannot physically be together, we are looking forward to a future of renewed connection and are developing exciting plans, especially looking towards 2022 as the 10th Anniversary of the London Games, and a year that will see multiple high-profile events across the UK. Spirit of 2012 looks forward to playing its part in what promises to be a significant year for events in the UK.



Jane, Lady Gibson
Chair, Spirit of 2012



Ruth Hollis
Chief Executive, Spirit of 2012

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VISION, PURPOSE, PRIORITIES AND VALUES

"The pursuit of happiness is not some fluffy nice-to-have or middle-class luxury; it's about helping people to live better lives and creating a society that is more productive, healthy and cohesive."

- Mark Williamson, Director, Action for Happiness

Our vision

In January 2020, we launched our new strategy *Happier People, Happier Places*. Happiness, as the emotional manifestation of wellbeing and connectedness, is at the heart of Spirit of 2012's vision.

Our purpose

Spirit was set up by the National Lottery Community Fund (formerly the Big Lottery Fund) ("the Founder") in 2013 to continue the legacy of the London 2012 Games for people and their communities. We see the power of events in how they can bring communities together and increase people's wellbeing and sense of connectedness to their communities.

All Spirit-funded projects and research contribute to the founding purpose set out in the Trust Deed through our Charitable Objects and expressed in the Founders' Wishes :

FOUNDING PURPOSE

Spirit's objects are "the promotion of the following Charitable Purposes for the benefit of the public throughout the United Kingdom of Great Britain and Northern Ireland:

- ✕ The advancement of the education of **children and young people**, including but not limited to sporting and cultural activities by encouraging good citizenship.
- ✕ Increasing the **effectiveness and efficiency of the Voluntary Sector** by encouraging members of the public to **engage in activities to help others on a voluntary basis**.
- ✕ The **development of the capacity and skills of members of socially and economically or socially disadvantaged communities** in such a way that they are better able to identify and meet their own needs and to participate more fully in society.
- ✕ Promoting **greater understanding and meeting the needs of people with disabilities** and thereby encourage their social inclusion and to use training and other activities to build their confidence and inspire others."

The **Founder** wishes the Charity to focus on taking the legacy forward through :

- ✕ **Involvement with future events of national, regional or local significance** which will build on the success of the London 2012 Games
- ✕ **Support for projects involving sport, culture and the arts, education and heritage** – or a mixture of these – that builds on the spirit of community and celebration created by the Games
- ✕ The development of **both a lasting knowledge bank** on the factors underlying the successes of London 2012 and subsequent events and a **programme of enhancement and promulgation for such knowledge** so that it might provide learning to inform planning for future legacy and community engagement which will be of benefit to communities across the UK.

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As well as funding programmes around the social legacy of events we fund some non-event focussed projects and research. These help us to really get under the skin of why and how participatory activities increase people's wellbeing and sense of connectedness. Together with the programme evaluations, we can feed that insight into how we and others design and deliver

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projects to have the most impact, particularly for those with the lowest starting points. As we move into this second phase of Spirit's lifespan, we will increase the volume of targeted research and policy advocacy we do to promote these objectives.

In the early part of 2021, we consulted with Board members and staff to re-articulate and add clarity to Spirit's purpose, rooted in the Trust Deed Objects and Founders' Wishes, and the unique position Spirit occupies in working to secure a legacy from events.

Our refreshed purpose is:






To unlock a future where events and volunteering are a pathway to wellbeing for all people and their communities.

Our refreshed mission is:

To do all we can with the funds, resources and time we have left to fund, research and share what we have learned works to enable all people and communities to be active, creative and connected.

Our priorities

Our strategy sets out key priorities for how we will use our remaining National Lottery resources to maximise people's happiness. We will:

-  **Build the evidence base:** learn what works to improve wellbeing and social cohesion and how to capture and share it to have a sustained impact after Spirit funding ends.
-  **Work in partnership:** attract funds and partners that increase the value of Spirit investment by disbursing and matching our funding and contributing to, sharing & amplifying learning through their networks.
-  **Break down barriers:** fund projects for everyone but recognise that some people face greater barriers to participation and need extra support. Build evidenced good practice for reducing these barriers.
-  **Champion genuine inclusion:** use our funding to promote the benefits and understanding of genuine inclusion that enables disabled and non-disabled people to participate, volunteer, and lead together as equals.
-  **Influence:** embed our learning and codify our approach so that it can reach and influence wider policy and practice through personal connections, public platforms, best practice guidance and toolkits, to leave a sustained impact.





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Our values

We are not a faceless funder, we stay close to our projects. We invest in happiness by empowering people to get active, connected and creative so they feel better. We always strive to be:

-  Fair: committed to transparency and equal chances;
-  Focused: channelling our effort to move the world closer to our vision;
-  Forthright: straightforward, open and upfront with everyone;
-  Friendly: kind, always treating others with respect.

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ACHIEVEMENTS AND PERFORMANCE

2020-21 highlights

Like many organisations, this financial year has been a challenging one for Spirit of 2012 due to the ongoing COVID-19 pandemic. The staff team successfully shifted to home working in accordance with government guidelines. During this time, we have recruited new staff members online as staff members left and the composition of the team changed. We have continued to invest in projects across our active, connected and creative strands, working in partnership with others to extend our reach, learning and funding.

COVID-19 Support

Over the year Spirit of 2012 has worked with our grantees to support them throughout the COVID-19 pandemic. Many Spirit of 2012 funded projects stopped delivering their activities, with some shifting to online activities where possible. The Spirit of 2012 team guided grantees through this transition, adopting a flexible approach to delivery plans, reporting, grant extensions and budget variations. The team brought grantees together online to share insight and learning during this period, and provided ongoing assurance to grantees during furlough, funding and project delivery challenges.

A key feature of the year has been the creative and innovative ways grantees have reached people. Solutions include online activities, doorstep check-ins, distributing resource packs, supporting community-wide responses, and working with local partners with whom they would not traditionally work. Many have deepened the relationship with the people with whom they currently work and have been able to reach new people. This broader and more creative approach to reaching people is likely to continue and feature in new blended approaches to delivery.

Revised Funding Strategy

At the Board meeting in January 2021, the Board approved revisions to our Funding Strategy. The Spirit of 2012 Funding Strategy explains what we will fund, who is eligible for funding, and how we will set about allocating funding. The Funding Strategy is a public-facing document, published on our website. The main revision to the Funding Strategy includes changing some of the language to move away from purely project-based funding focused on individual beneficiaries, updating the funding streams, and setting out current priorities.

Legacy Funding Policy

The Board also approved a new Legacy Funding policy at the same meeting. This replaced the former Extended Impact policy. Legacy Funding will allow Spirit of 2012 to direct funding to current and former grant-holders for work on outcome areas beyond simple project funding. Where a current grant has established best practice, Legacy Funding will focus on proliferating and embedding that practice within a sector and system. Partnership working and sustainability will be essential elements of success for Spirit's legacy investments.

2022 development

2022 is a significant year of events for the UK's communities and for Spirit of 2012. In a year that will mark the 10th anniversary from the London 2012 Games, events of all shapes and sizes from the Birmingham Commonwealth Games to the 5th Great Get Together, people will come together

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in communities in what may well be the first significant gatherings since 2019. In April 2020, the Spirit of 2012 Board agreed a budget allocation of £1.4 million for new projects around 2022. Throughout the year Spirit of 2012 has been developing their 2022 strategy and plans. This overall package of 2022 grant funding includes supporting the Birmingham 2022 Critical Mass programme and working with our West Midlands Challenge Fund partners to develop their creative outputs and align them to Birmingham 2022's Cultural Festival. This blend of both new and existing funding reflects Spirit's significant contribution to the festival and support before, during and after the games.

Learning and networking

Throughout 2020-21 we have brought grantees together online to share learning and insight and give them an opportunity to network and connect. These peer learning opportunities have been positively received and well attended, including good reach across the UK in the absence of face-to-face gatherings. The grantee meetings have also provided a platform and space for grantees to share their learning from the pandemic. They included relevant speakers with expertise in the learning topics being discussed.

Inevitably this year the focus was on pandemic-related topics such as furlough, managing change, delivery during lockdown and emerging from lockdown.

Other topics included equality, diversity and inclusion, wellbeing and racial inequality. Some were focused on particular funds such as the Carers' Music Fund singing in groups session and the Changing Lives through Sport and Physical Activity session on delivering and learning during the pandemic.

Working in partnership

Working in partnership with others is a strategic priority for Spirit. Whenever possible Spirit of 2012 works in partnership with other funders and stakeholders to add value to our funding and amplify learning.

Over 2020-21 we are delighted to have worked with the following partners:

Actify CIC
Apteligen
Bates Wells
Bill Morris LVO
Birmingham 2022
British Olympic Foundation
Carers UK
Centre for Ageing Better
Department for Digital, Culture, Media and Sport
Evaluation Support Scotland
InFocus Consulting
Jo Cox Foundation
Local Trust
London Marathon Charitable Trust
National Lottery Community Fund

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Research Scotland
Renaissi
Scottish Government
Scottish Sports Futures
Sport England
sportscotland
Sporting Equals
The Robertson Trust
University of West Scotland
What Works Centre for Wellbeing

Thank you to all our partners, without whom much of our funding and learning work would not be possible.

What we have funded this year

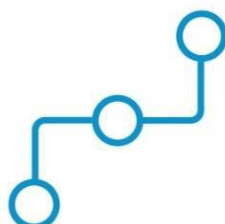
Spirit of 2012 funds projects that enable people to be **active, connected and creative**. These three activity strands directly relate to known domains of improving wellbeing and highlight Spirit's commitment to promoting social cohesion and community connectedness. All activity is underpinned by a commitment to inclusion, which means that we expect grantees to bring disabled and non-disabled people together on an equal basis to participate in activities, and in the design, development and leadership of projects.

In 2020-21, we awarded funding across the following themes:

ACTIVE / CONNECTED / CREATIVE



£0.1 million



£0.1 million



£2.9 million

Spirit awarded **16** new grants (including seven extensions to existing grants) and **six** micro grants in 2020-21. These included:

Coventry UK City of Culture 2021 - £1.0 million

The *Caring City* project will support local organisations and their networks to co-create cultural activity for presentation in 2021 as part of the UK City of Culture. It will enable those people who are most likely to be excluded from mainstream arts events to be central to the cultural programme when the UK arts spotlight is on Coventry. It will leave a strong legacy of increased

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value in arts for social change and inclusion, as well as embedding knowledge, skills, experience and new creative partnerships in local third-sector organisations.

Whitley Bay Big Local - £0.1 million

This project was awarded funding through our Youth Advisory Panel's Challenge Fund. *Bay Create* will bring community members who are either under 25 or over 60 together to co-produce a range of cultural activities and commissions to celebrate Whitley Bay's unique identity and heritage.

Birmingham Commonwealth Games 2022 Organising Committee - £1.0 million

Critical Mass is an inclusive, mass participatory dance project, forming an integral part of Birmingham 2022 Commonwealth Games Cultural Programme. It will support diverse, young disabled and non-disabled adults, aged 16-30, , reflecting the cultural and socio-economic diversity of the West Midlands to take part and perform as part of the Birmingham 2022 Cultural programme. *Critical Mass* will provide tailored performance support to participants based on their specific needs.

Wellbeing Fund - £0.1 million (allocated to the fund)

In January 2021 and in response to the challenges of the COVID-19 lockdown we launched our Wellbeing Fund. The fund offers micro-grants of up to £2,000 to existing Spirit of 2012 grantees only for activities that directly support the wellbeing of their staff. The grant can be used for anything they believe would make a difference to their staff's wellbeing and recognised the hard work and commitment of Spirit of 2012 grantee staff during the pandemic.

In total, 38 projects continued in 2020-21 and five projects were completed during 2020-21.

Programme expenditure

Spirit of 2012 has committed almost £45 million in grants over our lifetime, of which we have spent £37 million. Grantees have returned a total of £1.5 million in awarded funds to us as grants underspent. Any grant underspends are recycled through programmes as grants. Over the year, Spirit of 2012 committed a total of £3.1 million in grants.

Programme income and matched funding

In 2013, the Board of Directors agreed with the National Lottery Community Fund to generate a target of £20 million as income or match funding over the lifetime of the Trust. To date, Spirit of 2012 has secured £23.5 million in match funding.

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IMPACT AND LEARNING

In making the endowment, the Founder expressed the expectation that Spirit's investment in events-inspired activities would contribute to the knowledge and understanding about how events can benefit communities. Spirit of 2012 places significant emphasis on monitoring and evaluation, treating data collection as an integral and formative part of the development of any funded project. Learning and research activities increased this year, and as we move into the second phase of our life, up to 2026, the learning and dissemination elements of Spirit's role will continue to become more central to our focus.

Spirit of 2012 impact statement

Spirit of 2012's commitment to individual and social change is represented in a [Theory of Change](#) and impact statement:

We believe that enabling people to participate in a wide range of inclusive activities and engaging together in their communities will:

-  **improve the wellbeing of individuals, communities and society as a whole;**
-  **improve perceptions, including self-perceptions, and attitudes towards disability and impairment;**
-  **lead to greater social cohesion and understanding.**

The impact statement, outcomes and indicators are integral to all Spirit of 2012 grant applications, which are assessed on the quality and rigour of proposals to work towards them.

Impact of COVID-19

From the outset, the Board has prioritised the collection, analysis and sharing of learning about the outcomes and impacts generated by its grant-making. COVID-19 has undoubtedly affected our grant-holders' ability to collect and analyse a full suite of quantitative data during 2020-21. The unprecedented circumstances meant that frontline delivery organisations had to adapt their delivery models overnight, often whilst coping with staff shortages and reduced income streams. To support them, we adopted a flexible approach to some of our data collection and reporting requirements. Many grant-holders also wished to use the unusual circumstances as an opportunity to learn, and some innovated – using new ways to remotely collect quantitative and qualitative evidence of impact. They have shown an unwavering commitment to ensuring their activities do make a meaningful difference to individuals and communities.

In October 2020 we invited our evaluator partner, Renaisi, to undertake a review of Spirit's response to COVID-19 so that we could learn what had gone well and what we could improve in future. They spoke to a number of grant-holders and staff and provided us with a confidential report, the results of which we shared with the Spirit Board.

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In terms of what went well, grantees consistently highlighted three areas:

1. Flexibility

The support that grantees valued the most was our flexibility. It was noted that Spirit was flexible in relation to communication, reporting, monitoring and evaluation, data collection, and use of funding, all of which grantees valued highly.

"Incredibly flexible, really appreciated at a very stressful time" - Grantee

"Spirit became really flexible really quickly and that was a help" - Grantee

"With reporting they were quick to recognise that, that could be a demand on grantees, especially when they are in survival mode. They really simplified it down, really quick on that." - Grantee

Spirit was also seen as flexible when it came to grant adaptations. Whilst we did not provide additional or emergency funding, we enabled some grantees to advance some of their budget from the next financial year to cover unexpected changes in finances or adaptations to their projects.

2. Mutual respect and support

Grantees valued the fact that Spirit was not just a supportive funder, but also a trusting funder. There was a real sense that grantees and Spirit share an ethos of mutual respect and mutual partnership, leading to positive relationships that enabled difficult conversations to produce action, rather than inaction.

"They are trusting about what we are doing, they don't question everything we are buying. They trust us. They check in, but let us do what we do. On financials they are clear what we can and can't do. Especially COVID changes, we had to change a lot of the budget – they were clear on that. This is the area that you have flexibility, this is where you don't have flexibility." - Grantee

"They are more supportive through the period definitely. Proactive and more involved, without micromanaging." - Grantee

"They have been very accommodating with what we are able to do. Starting from scratch in terms of how we deliver our outcomes and recognising we have to think about them differently. Some of them are completely unfeasible now (e.g. volunteering), and Spirit were supportive of us changing them." - Grantee

3. More communications

One of the immediate impacts of COVID-19 was an increase in communication with grantees, both through one-to-one channels between grant and learning managers (GLMs) and grantees and wider all-grantee virtual events. Grantees valued the increased one-to-one communications with their GLMs, and GLMs felt it was important to ensure they got an understanding of what grantees needed, how they could help, and reassure them that their grant payments would continue.

Grantee-wide communication involved bringing grantees together to share and learn through online events. We asked grantees what they wanted to talk about in these sessions and this

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understanding of their needs was valued highly by grantees, who knew the event would be useful to them.

"Used to do one learning session with all grantees once a year. Now doing many more. Leadership in time of pandemic and wellbeing of staff and team session was useful. The first one, talking about what you are doing / reacting to COVID, I just listened rather than contributed as most other grantees are front line delivery and I'm not, but that was useful." - Grantee

In addition, some specific project groups were organised, such as the Carers' Music Fund, which gave those grantees a chance to meet, reflect and learn from those receiving a similar grant.

"Sometimes it is just good to hear others were struggling too. I'm not alone, I can be honest." - Grantee

In terms of what worked less well there were three key areas that were highlighted by grantees:

1. Lack of clarity of Spirit's position

As the pandemic continued, grantees were looking to Spirit for more clarity on our position on interpreting the government guidance and what it meant for the projects, and on our tolerance for risk and change as they looked to future delivery. As a UK-wide funder, funding across sport, the arts and culture and volunteering it would have been difficult for us to develop clear and consistent one-size-fits-all guidance on re-opening in the way that other sector specific bodies had done.

2. Concerns around the impact of lack of data collection on evaluation

There is a need for clarity and future planning around the expectations of our grantees, in terms of delivery, evaluation and data collection. Our grantees also highlighted this as a concern. They reported that whilst we had been flexible during COVID-19, they were aware that Spirit was likely to have expectations around monitoring and evaluation at some point, and they would like to have early clarity on those expectations.

"Spirit are certainly flexible. I wouldn't want them to operate in another way. In terms of monitoring and evaluation they are totally flexible, but we know Spirit will have expectations at some point and have 21 partners to deal with. I wouldn't want flexibility to change, but as a project manager I feel a lot of responsibility; I haven't been in this situation before either. I would sometimes value some leadership from Spirit." - Grantee

As we move back into a more 'normal' style of delivery we will need to be very clear and consistent around our expectations of grantees.

3. Diminishing returns of all grantee events and increased communications

Whilst many grantees felt that the all-grantee sessions were an important space to reflect and learn from their peers, there were some challenges related to these sessions. Some noted that as things got more "back to normal" it was difficult to attend the sessions and fit them into their schedule.

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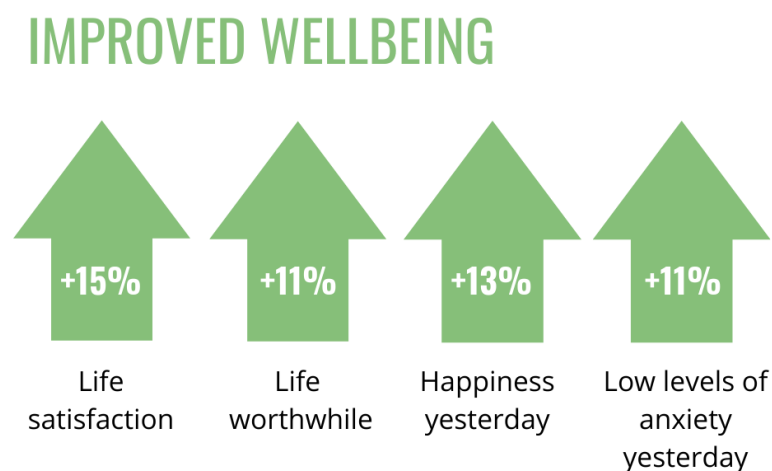
"Brought grantees together in various meetings – was useful at the beginning. As got more back to normal, and everything takes more effort, went to some of them at the beginning but not been recently as been too busy at this end. Highlight sharing of learning and reflection and encourage people to go."
- Grantee

As we move into the 'new normal' we will incorporate this important feedback into future plans.

Improved wellbeing

The year presented a clear need for projects and initiatives that aimed to lift spirits and improve participant wellbeing during the pandemic. However, the ways in which grantees gathered this evidence was significantly impacted by the move to virtual, doorstep or postal engagement with participants. Before the pandemic, project staff almost exclusively collected quantitative data in person at sessions, enabling them to support participants to interpret and respond accurately to the questions, whilst simultaneously gathering qualitative evidence of the impact on wellbeing. The transition to remote delivery presented unique challenges for collecting ONS4 Wellbeing data and accounts for a significant reduction in quantitative data reporting to Spirit of 2012 since March 2020.

Several projects developed innovative methods for gathering this data. The Carers' Music Fund, funded by the DCMS Tampon Tax Fund and Spirit of 2012, is supporting 10 organisations to run music projects with unpaid female carers. Carers' Music Fund grantees continued to gather ONS4 Wellbeing data throughout the pandemic through a combination of online surveys and follow-up phone calls. Between late 2019 and the end of the project in March 2021, the data shows an increase in the number of people reporting higher wellbeing after taking part in Carers' Music Fund activities:



**the above reflects 311 baseline and end line aggregated survey responses*




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This data was analysed and validated in March 2021 by Apteligen, external evaluators on the Carers' Music Fund. It demonstrates that, even with the backdrop of COVID-19, participant wellbeing improved demonstrably by participating in regular participatory music-making activities.

In 2020, Spirit of 2012 commissioned a rapid evidence assessment of the links between volunteering and wellbeing in partnership with the What Works Centre for Wellbeing. The research was led by the Institute for Volunteering Research at the University of East Anglia, with its findings based on a comprehensive, balanced and rapid synthesis of 158 relevant studies that examine the relationship between volunteering and the subjective wellbeing of volunteers. The research found that:

-  There is a clear link between volunteering and improved wellbeing, but the wider context of volunteers, their likelihood to volunteer in the first place, and the barriers they face to volunteering are all important factors;
-  Some groups gain more from volunteering than others, including people in later years of life and lower socio-economic groups;
-  More research is needed on the impact of volunteering on people in different ethnic groups, young people, disabled people, and people experiencing serious mental health issues.

The project produced a Theory of Change that shows how and why volunteering might lead to changes in the subjective wellbeing of volunteers. [Findings from the first cohort of the Carers' Music Fund - What Works Wellbeing](#)

Improved perceptions and attitudes towards disability

This year we continued to fund projects that brought disabled and non-disabled people together to participate in activities as equals, with the aim of challenging and changing negative perceptions and attitudes towards disability. The nature of inclusive participation changed in 2020-21, with many projects connecting remotely with disabled and non-disabled people across a wide scope of activity-based, creative and social-action projects. Qualitative evidence tells us that virtual platforms widened participation among disabled people who would not have considered joining a project before. This was particularly important given that many disabled people faced being even more left out by the pandemic, especially those asked to shield.

Discover the Song, (Canolfan Gerdd William Mathias): Care workers enlisted from the local council to ensure that participants with learning disabilities were given the support they needed to access online sessions. In one case, a participant's carer moved their scheduled visit to his house to coincide with weekly Zoom sessions, and provided a laptop and hotspot for the participant to take part each week.

Greater social cohesion and understanding

Spirit of 2012 funds projects that bring people together from different backgrounds and life experiences. In 2020-21 projects such as *Moment to Movement*, delivered by Jo Cox Foundation, and *Breaking Boundaries*, jointly delivered by Youth Sport Trust and Sporting Equals, supported participants to connect with isolated and vulnerable members of their communities through local

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food deliveries, doorstep chats, online afternoon teas, and virtual physical activities. Projects reported that it was harder to bring people from different backgrounds together digitally, if they had not already started to and as a result, some projects were unable deliver purposeful social mixing during the pandemic.

In 2020-21 we also funded projects that consolidated best practice in community cohesion.

The Power of Sport and Radical Kindness (Belong): In mid-2020 Belong published its Spirit-funded [*Power of Sport*](#) guidance. The resource offers a framework for strengthening cohesion and integration through sport, and outlines a user-friendly approach to measuring both the individual and community-wide impact of a project on social cohesion.

Spirit of 2012-funded projects also contributed to the surge in volunteering seen across the UK this year.

Hull Volunteers (Absolutely Cultured): Since 2018, Spirit of 2012 has been funding the *Hull Volunteers* programme, part of the Hull UK City of Culture 2017 legacy. In 2020 the volunteer programme was called upon to contribute to Hull's emergency response to the pandemic. Volunteers staffed a telephone befriending service, *Chatty Hull*, to support those who were lonely and isolated due to the pandemic.. In total, volunteers contributed over 3,100 volunteer hours. 87% of volunteers felt proud to have supported the emergency response, with 79% of volunteers agreeing that volunteering had benefited them as well as those whom they supported. 84% of respondents agreed that volunteering helped them feel useful during the crisis.

Loneliness

While many grantees measured the impact of their projects on tackling loneliness before 2020, this outcome became increasingly important during lockdown. Grantees ensured that participants who were at highest risk of being socially isolated as a result of social distancing measures were provided virtual means to participate, often with the support of local voluntary services.

Music for Health in Morecambe's West End (More Music): Before the pandemic More Music ran a session called *Seagull Café*, which brought people over the age of 60 together for tea, cake and a singalong. Many participants were referred by their GP due to being at high risk of loneliness. In 2020 they immediately sent musicians to perform in people's front yards and outside care homes, and later in the year they transitioned the weekly session to Zoom. One participant commented: *"I wasn't sure at first if it was for me, but I am glad I persevered now. I find that I look forward to Tuesday arriving and if I don't see anyone else then at least I have enjoyed company for the week."*

Carers' Music Fund: Grantees continued to measure loneliness throughout 2020-21. 13% of participating carers said that they were lonely 'often or always' at the start of their involvement, noticeably higher than the proportion among the population of Great Britain. By the end of their involvement in the project, 79% of carers reported either the same or a reduced level of loneliness.

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Learning Initiatives


A key priority for Spirit of 2012 is learning and sharing. We want to learn what works to improve wellbeing and social cohesion, and how to capture and share it to have a sustained impact after Spirit of 2012 funding ends. This includes investing in, and working with, a range of partners around specific thematic areas where we want to learn more, build the evidence base and provide grants to enable organisations to bring evidence into practice.


Our external evaluator Renaisi was appointed in 2019 to help us understand the impact of our investments, what makes positive change more or less likely, and consider what role Spirit of 2012 plays as a funder – above and beyond providing the financial resources – in creating the conditions for positive change.


Since April 2020 Renaisi has:

1. collated evidence on the impact of Spirit of 2012's response to the pandemic by conducting interviews with the staff team, grantees and stakeholders (see above);
2. developed a framework for Spirit to internally collate and analyse qualitative evidence from grantee reports and evaluations;
3. continued their summative analysis of Spirit's current and historic data, with a keen focus on improving Spirit's quantitative data-collection methods. They will be separating pre- and post-March 2020 data to obtain an accurate picture of the impact of Spirit's funded projects before and after the first COVID-19 lockdown.

In line with the increased focus on learning and dissemination we have developed partnerships to deliver a number of learning initiatives over the course of 2020-21. These include:

 **The Social Value of Community Events** Spirit of 2012 and Local Trust jointly commissioned research to develop a framework for understanding the short and long-term impact of events. The University of West Scotland is leading on the project, and is working closely with seven community events organisers to develop and test the framework. The final report will be published in late 2021.

 **Different People, Same Place** Jointly developed and funded by Centre for Ageing Better and Spirit of 2012, and led by the What Works Centre for Wellbeing. This research will draw on existing qualitative and quantitative data to explore how the wellbeing of individuals influences the wellbeing of a community, and how the quality and conditions of a community affect the wellbeing of individuals.

 **Radical Kindness** In late 2020 Spirit of 2012 awarded a grant to Belong to gather and share examples of activities and projects that intentionally seek to build bridges across differences, develop shared ground, and promote social connection between different groups and communities. This research builds on qualitative findings from Belong's *Beyond Us & Them* research, which looks at the impact of COVID-19 on social cohesion on a national scale.

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FINANCIAL REVIEW

Income generation

During the year, Spirit received the remainder of the £1.5 million Tampon Tax Fund grant from DCMS for the Carers' Music Fund. This grant was paid in arrears based on spend by our ten grantees and £902,729 was recognised in 2019-20 with the remainder in 2020-21. Spirit also received two smaller grants, one of £50,000 from the Scottish Government to extend the Thrive programme rollout and a second of £25,000 from Local Trust as part of a partnership to fund research into Community Events. Total income is shown in the Statement of Financial Activities at £1,243,679 (2020: £1,234,975) including investment income.

Grant expenditure

Grants committed were significantly lower in the year at £3,062,053 (2020: £6,643,601) across the three Spirit portfolios: Active, Connected and Creative, as well as the Incubation Fund. The largest elements of this grant-making are £1 million each for Caring City as part of the Coventry City of Culture 2021, and Critical Mass with Birmingham Organising Committee for the Commonwealth Games 2022. There was also a funding round for projects in the West Midlands which amounted to just under £0.6 million. All of these major projects are part of the Creative portfolio and will deliver activity over the next three years.

Other costs

Other direct charitable expenditure costs relating to grant management and learning support was lower this year at £594,573 (2020: £640,195). This includes Monitoring and Evaluation (M&E) contract costs, which reduced this year as there was no M&E consultancy in the year, although the three-year evaluation contract with Renaisi and other research contracts continued. Programme Development costs were higher this year compared to 2020 due to increased costs on the Thrive rollout programme, although general travel and subsistence costs reduced to negligible due to the pandemic. Total expenditure is shown in the Statement of Financial Activities at £4,015,954 (2020: £7,661,650).

Investment policy and performance

In 2014 the Board appointed Barclays Wealth Management as investment managers mandated to manage Spirit's investments in line with our Investment Policy. The Investment Policy is reviewed regularly by the Finance, Investment & Resources Committee and recommended to Board.

Representatives of Barclays Wealth Management attend each quarterly meeting of the Finance, Investment & Resources Committee and answer questions on their fund-management performance. The investment managers are also invited to attend Board meetings at least once a year to give an account of their performance, review the drawdown policy over the remaining life of the endowment, and respond to any questions that the Board has regarding the investments.

Following the volatility around the end of last year, the portfolio recovered during the year. Also, during the year, Spirit worked closely with Barclays Wealth to formulate a plan to remove risk from

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the portfolio as the next two years will see the commitment of the last multi-year grant programmes for Spirit. This resulted in the sale of 50% of the equities held during the year and the remaining 50% will be sold within the 2021-22 financial year. This will see the risk profile reduce and Spirit become more cash and liquid investment based to meet its future commitments.

Reserves policy

In 2013 Spirit of 2012 was granted a spend-out endowment by the National Lottery Community Fund (then the BIG Lottery Fund). The endowment was originally £40 million, which subsequently increased through additional grants and novations to £47 million. Under this agreement Spirit of 2012 is required to have spent all of the original endowment by October 2028, however in January 2020 our Board set a firm commitment to spend out by the end of 2026.

This means that there is currently no reserves policy, as the emphasis instead is on investing the money wisely and spending out by the specified date. During 2020-21 the Board agreed an updated investment policy which changed the focus to capital preservation over maximising returns as Spirit of 2012 moves into its next phase of life and the commitment of the remaining endowment funds.

Also, as Spirit of 2012 approaches its end of life, the Board will manage a detailed end-of-life plan to ensure that the endowment is spent at an appropriate rate and the organisation closes meeting all commitments to grantholders, contractors and staff. This also means that Spirit of 2012 will not require a reserves policy as it will not need to retain reserves other than those managed through the end-of-life plan.

At the start of this period Spirit of 2012 held total funds of £10,557,247 and at 31 March 2021 these had reduced to £9,108,265, after accounting for all current grant commitments. These funds include £118,594 (2020: £(455,028)) of restricted funds as detailed in note 18 of the Financial Statements.

The remaining funds of £8,989,671 (2020: £11,012,275) are for use by Spirit of 2012 to further its objects and will be allocated to projects on award of grants by Board as well as covering the costs of running the Charity. Of these, £2,162,068 (2020: £1,970,560) is unrestricted and the remainder of £6,827,603 (2020: £9,041,715) is the Endowment Fund.

In light of the ongoing pandemic, we have reviewed the Charity's position and we believe that the Charity has enough reserves and cash to meet its ongoing grant commitments for the foreseeable future, and therefore the going concern basis still applies.

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PLANS FOR THE FUTURE

Spirit of 2012 is now more than half-way through our original ten-year term as a spend-out Trust, and the Founder has granted Spirit a Supplemental Deed to extend its life a further five years to 2028. The Board has set a firm intention to commit the bulk of our existing endowment by the end of 2022 and spend out by 2026, although these dates are being kept under review because of the impact of the current crisis.

In the short term Spirit is focussing on supporting our grantees to move back towards 'business as usual', as we move back to face-to-face delivery, taking on board the insights and learning they have developed over the course of the last year, particularly about digital and hybrid delivery.. We are also actively supporting our grantees through small wellbeing-focussed grants (of up to £2,000) to help them focus on supporting the wellbeing of their staff members and freelancers – many of whose posts are funded through Spirit grant funding. We have been very pleased with the warm reception this funding received from our partners and the innovative ideas they have submitted to support their staff at this time.

We are looking forward to 2022. Not only is it the 10th anniversary of the London Olympic and Paralympic Games, the genesis of Spirit as an organisation, but it's also a bumper year of events – from the Commonwealth Games in Birmingham to the Platinum Jubilee and Festival UK 2022. We will be launching a number of initiatives through this year to disseminate the learning on events since the London 2012 Games. We are also developing a new multi-year funding partnership programme, with the Local Trust and others, to leverage opportunities from the 2022 series of events for young people by supporting them to develop and deliver events for their communities.

Looking further ahead, we have started to think about Spirit's potential involvement in the 2025 UK City of Culture competition, building on the learning and insight from Derry/Londonderry through Spirit's previous major investments in Hull 2017 and Coventry 2021.

The *Happier People, Happier Places* strategy, launched in January 2020, prioritises cross-grant learning and insights, using these to influence policy and practice across a wide range of current policy priorities: loneliness; inactivity; cultural disengagement; volunteering and social action. We will continue to combine the learning and insight from the projects we fund with commissioned research with strategic partners including What Works Centre for Wellbeing and Belong. Together, this will provide robust evidence for effective strategies for improving individual and community wellbeing and cohesion through participation.

In January 2021, the Board agreed a new workstream plan to deliver the *Happier People, Happier Places* priorities focussing on:

1. Events as a catalyst
2. Approach over activity
3. Inclusion for disabled and non-disabled people
4. Volunteering and community voice

In 2021-22 we will have a particular focus on volunteering to build on the surge in volunteer numbers during the pandemic and the potential provided by the recruitment of volunteers for the

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events in 2022. Volunteering remains one of the most tangible social legacies from major events and has a huge potential to directly benefit communities across the UK.

Finally, as we have set the course for spending out by 2026, Spirit will continue the process of planning the spend-out period both for our grant-funded work and for the organisation, Board and staff team.

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STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure





Spirit of 2012 is a charitable trust, registered on 20 December 2013 (charity number 1155110) governed by the Trust Deed dated 7 October 2013. On 29 March 2014, a Deed of Amendment to the Spirit of 2012 Trust Deed was made, with the consent of the Founder and Protector, to clarify the Spirit's charitable objects and amend the definition of the Protector's role.

It was granted an initial £40 million endowment from the National Lottery Community Fund (formerly the Big Lottery Fund) ("the Founder") on 20 December 2013 with the condition that the endowment and all gains arising from it must be expended by 7 October 2023. The sole Trustee of Spirit of 2012 is a company limited by guarantee, Spirit of 2012 Trustee Limited ("the Trustee"), which was incorporated on 4 April 2013. In April 2014, the Founder novated to Spirit the management of five grants, and on the same day transferred £4.57 million to Spirit as restricted funding for those projects. The Founder subsequently added £2.5 million to the Spirit endowment to support development of a Theory of Change and Monitoring and Evaluation framework, and to fund early projects to deliver Spirit's mission. At its meeting on 16 January 2019 the Board of Directors of the Trustee agreed to sign a Supplemental Deed to the Trust Deed, drafted by the Founder, which extends the potential endowment term for up to a further five years, to October 2028.

Charitable Objects

Spirit of 2012 exists for the public benefit. Through our grant-making and focus on monitoring, evaluation and insight Spirit funds projects that leave a lasting social legacy from the inspiration of national, regional and local events, helping communities flourish and thrive, and measuring the benefits at individual and community level.

Spirit's objects are *"the promotion of the following Charitable Purposes for the benefit of the public throughout the United Kingdom of Great Britain and Northern Ireland:*

-  *The advancement of the education of children and young people, including but not limited to sporting and cultural activities by encouraging good citizenship.*
-  *Increasing the effectiveness and efficiency of the Voluntary Sector by encouraging members of the public to engage in activities to help others on a voluntary basis.*
-  *The development of the capacity and skills of members of socially and economically or socially disadvantaged communities in such a way that they are better able to identify and meet their own needs and to participate more fully in society.*
-  *Promoting greater understanding and meeting the needs of people with disabilities and thereby encourage their social inclusion and to use training and other activities to build their confidence and inspire others."*

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Governance

The Board of Directors of the Trustee sets the strategic direction for Spirit. Directors are fully responsible for governance and major grant awards (over £50,000). The Board meets in full four times a year. Since April 2020, the Board and Committees have met virtually via Zoom.

In October 2019, Jane, Lady Gibson was appointed as Chair, unanimously, by the Board. Her appointment was re-confirmed by the Board in October 2020, and the Board has undertaken a Chair's appraisal led by Graham Loader as Chair of Audit and Risk Committee. They are committed to undertaking a Board Effectiveness Review in 2021-22.

The Board approved a new funding strategy in January 2021. This strategy covers the next five years of Spirit's life and sets out how the remaining funding will be used to deliver our Objects and the priorities set by Board in January 2020. More detail can be seen on our website and in the funding strategy section below.

The Protector

Under the terms of the Trust Deed, the Founder appointed Jon Siddall as Protector with a duty *"to ensure the integrity of the administration of Spirit and the propriety of its procedures"*. The Protector does not participate in Spirit's decision making, although the deed stipulates that his consent is required in specified situations. The Protector is required to report any matters of serious concern to the Founder. During 2020 the Founder reappointed Jon for a third term until December 2022. The Protector's Report can be found on pages 56-59.

Committees

Three Committees of the Board oversee governance, risk and financial management, investment strategy and the grant making and research strategies. Each Committee includes at least two Directors of the Trustee, and Committee meetings may be attended by the Protector. Following a governance review in the Summer of 2019, the scope of responsibility of the Committees was slightly amended in 2020 to ensure their work fully supports the business and is in line with Spirit's strategy and priorities. The Committees are:

Audit & Risk Committee

Chair – Graham Loader

The Audit & Risk (A&R) Committee meets twice a year and is responsible for overseeing and providing assurance on the framework for accountability to our Founder and to the Charity Commission. It oversees Spirit of 2012's risk management framework, scrutinises the Risk and Issues Register, scrutinises internal and external audits, and reviews and approves operational policies. Derrick Woolf attends A&R as an external expert.

Finance, Investment & Resources Committee

Chair – Oksana Yesina

The Finance, Investment & Resources Committee (FI&R) meets four times a year and is responsible for all aspects of the resources (financial, human and infrastructure) needed by Spirit of 2012. It changed from the Finance & Investment Committee under new terms of reference in December 2020 to include responsibility for human and operational infrastructure. The Investment Managers

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for Spirit of 2012 report on investment performance to this Committee each quarter.

Policy, Impact & Influencing Committee

Chair – Jane, Lady Gibson

The Policy, Impact & Influencing Committee (PII) meets three times a year and is responsible for the policy implications and issues relating to the learning and evidence generated from Spirit's funded programmes. In addition to Spirit of 2012 Directors, three external members bring their expertise to PII: Phil Batty, Mark Robinson and Bill Morris, LVO. This Committee changed from the Programme, Impact and Evaluation Committee (PIE) under new terms of reference in February 2021 to focus more on policy and influencing in line with Spirit's revised strategy.

Director recruitment and training

Directors are appointed by the Board to provide the skills, sectoral, national and regional knowledge required by Spirit of 2012. Initial recruitment is for a one-year probation period, after which Directors can be appointed for two 3-year terms. Spirit of 2012 recruits Directors through open recruitment campaigns wherever possible, with vacant posts advertised on its website and through agencies. During the period two Directors, Linda Grant and Tim Elwell -Sutton resigned due to other commitments. In October 2020, the Board decided to recruit a Director from the alumnae of the Youth Advisory Panel (YAP) to ensure greater youth representation on the Board. Due to the quality of applications, and the number of vacancies (four) the Board agreed in January 2021 to appoint three of the YAP alumnae to the Board. These three new Board members have been through the induction process, have already taken part in Committees and attended their first full Board meeting in April 2021 bringing valuable insight and commitment to Spirit and its activities. One further Board vacancy will be filled during 2021.

New appointees are given a formal induction to the organisation and their governance responsibilities. All Directors are offered training and development opportunities from the Association of Charitable Foundations (ACF) and our legal and audit advisers (Bates Wells and Buzzacott, respectively) amongst others. In this period Board members took part in Social Media training and attended some of Spirit's All Grantee online learning sessions to hear first-hand how grantees were coping with the pandemic.

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Board and Committee Meeting membership and attendance

Board member	Appointment / Resignation Date	Board and Committee Attendance			
		Board	F&I / FI&R	A&R	PIE / PII
Sana Amin	Resigned 21 April 2021	4 / 4			
Hayley Bennett	Appointed 20 January 2021		1 / 1		1 / 1
James Dacre		3 / 4	4 / 4		
Kirsty Ewen	Appointed 20 January 2021		1 / 1		1 / 1
Tim Elwell-Sutton	Resigned 6 October 2020	1 / 2			1 / 3
Jane, Lady Gibson		4 / 4	4 / 4	2 / 2	3 / 3
Linda Grant	Resigned 22 April 2020	1 / 1	1 / 1		
Kieran Harding		4 / 4			3 / 3
Raj Jethwa		3 / 4		2 / 2	
Graham Loader		4 / 4	4 / 4	2 / 2	
Susie Rodgers		4 / 4			
Bethany Steventon-Crinks	Appointed 20 January 2021		1 / 1		
Oksana Yesina		4 / 4	4 / 4		

In addition to the formal Committees, Director Susie Rodgers chairs an informal Spirit of Achievement Panel including external experts, which focuses on increasing the inclusivity and diversity of Spirit's beneficiaries. The Panel met in August 2020 to review the outcome of the West Midlands Challenge Fund. The Spirit of 2012 Youth Advisory Panel (YAP) also advised the Board, and Sana Amin was the Panel Chair until the recent cohort completed their two years of service in April 2021. Sana resigned from the Board on completion of the YAP Chair's two-year cycle and four years in total working with Spirit. In her role as YAP Chair, she represented the panel on the Board.

Spirit is currently evaluating the impact of the Youth Panel over the course of the last six years and as part of this process will review the need for a further Youth Panel and make recommendations to the Board.

Conflicts of interest, related parties and other connected bodies

Details of related parties and relevant transactions are logged in a Register of Interests, maintained according to the Conflicts of Interest Policy, and in Board and Committee meeting minutes, to capture any new conflicts or interests. They are disclosed in note 21 to the Financial Statements. There were no other transactions with related parties in the year. The Executive also maintains a gifts and hospitality register for both Directors and the Executive.

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Management

The Senior Management Team is led by Ruth Hollis, CEO, with Jane Duncan, Head of Finance and Operations and Amy Finch, Head of Programmes and Impact.¹ Spirit of 2012 has ten permanent members of staff and two on fixed-term appointments. The team is split into three smaller teams covering Programmes, Impact and Policy, Operations, and Communications.

Training and development

All staff have an annual Personal Development Plan (PDP) setting out how they will contribute to achieving Spirit of 2012's business objectives. In addition, the plan asks staff members and their line manager to consider their training and development needs and set development objectives that can be pursued through a range of internal and external training opportunities. Spirit is committed to the wellbeing of staff, and this year asked all staff to record two wellbeing objectives, to enable staff to share, record and value the things that they can do at work to support their mental health and wellbeing. We have also developed a Wellbeing Strategy looking at a number of aspects where Spirit can help support staff with their wellbeing at work.

During the year we appointed Positive Dynamics to provide coaching services to individual staff members and the Spirit team as a whole to assist with development of key skills, team working dynamics and to help us plan for hybrid working.

Equality, Diversity and Inclusion

Spirit takes its responsibilities around promoting Equality, Diversity and Inclusion (EDI), both through grant-funded programmes, and in respect of the staff team and Board, very seriously. We held two All-Grantee sessions on EDI with external experts to help our grantees think through their responses to this priority. Spirit has developed an EDI Action Plan covering our grant-making, supporting grantees and our corporate responsibilities on EDI, including the recruitment of team and Board members. When approved by Board we will publish this plan on our website.

Remuneration

There is no remuneration element to Spirit of 2012's performance management system and we do not operate an individual bonus scheme. We benchmark all salaries within five salary bands, Intern, Contributor, Manager, Leader and Chief Executive, allocate all jobs to one of those bands, using market comparators, and publish a specific figure from within the appropriate band when advertising jobs. Successful candidates agree their actual starting salary with us before they receive a formal written job offer letter and take up their post. Spirit produces and publishes internally a salary-setting policy to maximise remuneration transparency.

The Finance, Investment & Resources Committee can recommend an annual salary increase of up to 3.2%, based on the recommendation of the Executive, to the October Board. This considers relevant RPI and CPI indices (in July of each year) and other benchmarking information. This year they approved an award of 2%, slightly higher than the benchmarks, to recognise the commitment and resilience of the staff team in responding to the pandemic.

¹ From 8 March 2021 this post has been filled by Alex Johnston and Eibhlis Fleming, covering for Amy Finch's maternity leave.

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Business objectives

Spirit's annual Operational Corporate Plan (OCP) sets out strategic objectives, derived from the Charitable Objects, and the business objectives which guide operational planning and implementation. The Corporate Plan is reviewed by the Executive Team on a quarterly basis.







Risk management

Spirit of 2012's Risk Management Policy enables the Board and Executive to protect property, assets and other resources, including the health and safety of employees and partners; to safeguard business continuity; to ensure Spirit and the organisations we fund deliver on obligations; and to maintain Spirit of 2012's reputation. The Board recognises that the nature and extent of Spirit of 2012's activities may expose it to risk, and regularly and methodically assesses the extent of our exposure to risks and issues, identifying appropriate actions to avoid, manage or mitigate their impact. Initially the Board operated a Special Risk Register to cover pandemic risks because of their severity at the time and special, time-limited, nature. These have subsequently been transferred into the full Risk Register.

The Audit & Risk Committee leads Risk Management on behalf of the Board. It reviews and endorses the Risk Management policy annually, most recently in December 2020, to ensure that Spirit of 2012:

-  embeds risk management at every level of governance and operations;
-  creates a systematic approach to risk management as an integral element of strategic, operational and performance management;
-  helps identify, quantify and manage risk in accordance with best practice;
-  ensures clear accountability for risk and issue ownership, impact assessment, effective mitigation and contingency planning.

These objectives are achieved by:

-  allocating risk-management roles, responsibilities and processes to named individuals;
-  making risk assessment integral to all decision making, business planning and management processes;
-  assessing risk, and applicants' risk-management capability, when considering all grant applications;
-  reviewing risk-management policy and processes during annual internal reviews;
-  reinforcing risk management through quarterly operational corporate plan reviews and staff development activities;
-  effectively managing and resolving risks that materialise and become issues.

The Risk Register is a standing item on all A&R Committee and Board agendas.





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Principal risks and impact on future activities

Not surprisingly, the most significant risks over the period were all around the COVID-19 pandemic:

-  negative impacts on the investment portfolio;
-  negative impacts on project delivery because of suspension of face-to-face activities in line with Government social distancing guidance;
-  the impact on Spirit's operations of staff illness and wellbeing and the shift to remote working;
-  negative financial impacts on our grant funded partners due to loss of income and other grants, and reduced staffing.

During the year, the pandemic and its effects have been discussed widely and regularly at Executive, team, line manager, Committee and Board level. A number of initiatives have been put in place to support the wellbeing of the Spirit team, as well as grantees.

The majority of the risks concerning our grantees have been mitigated through regular discussion and availability of support from government funding and the furlough scheme. To date none of our grantees has had to close, though a few programmes have had to suspend or delay starting activities due to restrictions in place. The majority have changed their delivery approach with an online or blended delivery plan which has achieved some amazing results and outcomes. As restrictions start to lift it will be interesting to evaluate this work and move back to more face-to-face delivery, although we will still see some blended delivery as this has opened up some new avenues for some grantees and their beneficiaries. We thank our grantees for all their innovation, flexibility, creativity and resilience over the past year.

One area that remains a concern is data collection on social outcomes from funded projects. Over the last year most grantees have been unable to collect the usual wellbeing data that we ask them to collect at the start of, during and at the end of a project. This will result in a data gap across our portfolio though our grantees have collected other qualitative data during the period which we will use for evaluation purposes. This is something we will be able to report on, working closely with our main evaluation partner, Renaisi.

We continue to actively monitor these risks as they are essential to delivering the refreshed strategy for Spirit of 2012 as we move out of the pandemic.

The Head of Programmes and Impact maintains a dedicated risk register for programme and project-related risks, escalating to the main risk register as required. By the end of the year there were no significant programme risks, although during the year risks around larger projects did arise including paused and delayed delivery of activities. Staff managed these through proactive and flexible engagement with grantees and, if necessary, by escalating them to senior review meetings between the Chief Executive and the senior responsible officers of the grantee organisations concerned. These focused and frank discussions resulted in performance improvement, and revised project schedules.

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The Board has agreed to continue with Spirit of 2012's overall strategic aims and priorities as set out in the January 2020 publication, *Happier People, Happier Places*. During the crisis, the Executive Team has focussed on supporting existing grantholders to respond flexibly to the crisis and, where appropriate, adapt projects so that they can continue to connect with participants in accordance with government guidance on physical distancing. The Board committed to honouring all Spirit's existing grants and contracts and not diverting funds in a way that may increase the risk to grantholders. As we start to recover from the crisis, Spirit of 2012's focus on using events to bring people together to connect through culture and the arts, physical activity and sport and social action and volunteering will be even more important for communities across the UK.

The Senior Management Team maintains a separate register of issues, which it holds confidentially, as it contains sensitive information. There were no live issues at the end of the year.

Beyond the pandemic, whilst recognising that Spirit cannot control external environmental risks – for example, macroeconomic factors like inflation, interest rates, the impact of leaving the EU and changes in legislation – the main risk register does include and list mitigations and contingencies for risks and issues arising from external influences.

Business continuity planning

Spirit of 2012 maintains a Business Continuity Plan (BCP) setting out the response arrangements and helps us be prepared for, and recover from, unexpected disruptions. The COVID-19 pandemic gave us a unique opportunity to test these systems. Whilst Spirit of 2012's BCP was based on recovering from short-term incidents, like a terrorist attack in Central London, rather than the longer-term business disruption of the pandemic, it did enable us to be prepared to shift operations quickly and effectively to home working for all staff, with no loss of business function.

Safeguarding

Spirit of 2012 maintains and regularly updates a Safeguarding Policy covering our duties and responsibilities for the safeguarding and protection of children and vulnerable adults within the projects we fund. As we have little direct contact with our participants, the responsibility sits with 'frontline' grantee organisations. As part of the due diligence checks we undertake before awarding a grant, we ensure grantees have an up-to-date Safeguarding Policy and a named senior officer responsible for safeguarding. We review this on an annual basis to ensure this information is up to date. During the pandemic we supported our grantees in planning around new Safeguarding risks in delivering remotely, often directly into people's homes. We were pleased that our grantees came together to share knowledge and support one another in ensuring that they responded to the new challenges of digital safeguarding. Susie Rodgers is the Spirit of 2012 Board Safeguarding Champion, to whom the Executive Team reports, as set out in the policy. There were no significant issues during 2020-21.

Funding strategy

Spirit of 2012 makes grants within the framework of a funding strategy agreed by the Board. A new version of this strategy was presented to and agreed by the Board in January 2021. The strategy explains what we will fund, who is eligible for funding, the process for awarding and managing grants, and what we expect of our grant recipients.

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There are six key elements to Spirit of 2012's funding strategy:

1. Fund outcomes for organisations as well as individual participants;
2. Prioritise work that seeks to bring different groups of people together, as equals, and actively addresses barriers to participation;
3. Build locality-based participation, responsive to the needs of the local community;
4. Build and support partnership working;
5. Build capacity in purposeful planning, monitoring and impact assessment;
6. Incubate innovation.

These priorities are underpinned by our [Theory of Change](#) which enables us to measure all our investment in terms of common outcomes and indicators. The overarching **impact statement** informs every grant we make:

Spirit believes that enabling people to participate in a wide range of inclusive activities and engaging in their communities together will:

-  **Improve the wellbeing of individuals, communities and society as a whole;**
-  **Improve perceptions towards disability and impairment;**
-  **Lead to greater social cohesion and understanding.**

Spirit of 2012 publishes bespoke information packs and application forms for each grant round and when funding opportunities are open, all the information that applicants need to apply appears on the Spirit of 2012 website. We also promote opportunities through our Twitter, Instagram and Facebook accounts. Spirit does not fund applications that fail to meet the specified assessment criteria, or unsolicited applications submitted outside the advertised opportunities.

Funding principles

The full Funding Principles and the broader Funding Strategy are on Spirit of 2012's website <https://www.spiritof2012.org.uk/learning/our-impact>. Directors have taken the Charity Commission's general guidance on public benefit into account in planning the Funding Strategy and making grant awards.

Grant management

Once Board has awarded a grant, the Executive issues a grant agreement letter with the legally binding Terms and Conditions of the grant, setting out how we will work with the grantee during the grant period, and expectations of grantee financial and activity reporting, monitoring and evaluation, and communications. All Spirit of 2012 grantees have a named Grant and Learning Manager (GLM) who will work with them for the duration of the grant-funded relationship and is their first point of contact. Spirit of 2012 is an actively-involved funder, and even more so during

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the pandemic. Our GLMs are in regular communication with their portfolio of grants, and we seek to develop an open and honest relationship, where risks or issues are flagged early, and good practice shared amongst the community of Spirit of 2012 grant-holders.

Transparency

As well as our website, Spirit of 2012 publishes all of our funding agreements on the *360 Giving* website so that all our grants can be viewed by a wider audience and contribute to the knowledge base on grant-funding across the UK.

Financial management

The investment of the National Lottery endowment awarded by the Founder is managed by Barclays Wealth, under the direction of the Finance, Investment & Resources Committee (FI&R). This year has seen some volatility across the markets, especially as a result of the COVID-19 pandemic and some big down swings in the portfolio at the end of the 2020 financial year. Spirit of 2012 has seen gains that recovered these losses across the portfolio's like-for-like value. These market changes are monitored and discussed regularly between the FI&R Committee and the Investment Managers.

The FI&R Committee continues to operate within the Investment Policy that was reviewed and endorsed by the Board in October 2020. This provides Barclays Wealth with an investment strategy framework. The Policy considers the stage reached in the term of the endowment as well as the whole-term and short-term cash flow forecasts. Due to the sale of 50% of the Multi Asset Class portfolio in summer of 2020, Spirit of 2012 had sufficient cash funds to meet our commitments for most of the year and did not need to make drawdowns from the remainder of our investment portfolio. The portfolio retained a medium to low-risk spread. As Spirit moves towards the end of its life, the asset allocation in the portfolio will reduce to a lower-risk level to ensure that all commitments can be met up to the end of the spend out. Regular contact between the FI&R Committee Chair, the Head of Finance & Operations and Barclays Wealth supports this pragmatic and vigilant approach.

The Procurement Policy specifies that in its pursuit of transparency and value for money Spirit must tender for services valued at more than £10,000. The Chief Executive or the Head of Finance and Operations sign off all contracts. Any individual contract valued at more than £10,000 additionally requires the approval of a Director. The Audit & Risk Committee reviews the list of all current contracts annually as part of the Internal Review.

Spirit of 2012

Trustee's report

For the Year Ended 31 March 2021

Statement of Trustee's Responsibilities

The Trustee is responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Spirit's Deed and laws applicable to Charities in England and Wales require the Trustee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of Spirit and of the incoming resources and application of resources of Spirit for that year. In preparing those Financial Statements, the Trustee is required to:

- ✚ select suitable accounting policies and then apply them consistently;
- ✚ observe the methods and principles in the applicable Charities SORP;
- ✚ make judgements and estimates that are reasonable and prudent;
- ✚ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ✚ prepare the financial statements on the going concern basis unless it is inappropriate to presume that Spirit will continue in business.

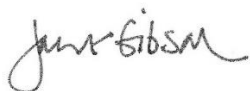
The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of Spirit of 2012 and to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations and the provisions of the Trust Deed. The Trustee is also responsible for safeguarding the assets of Spirit of 2012 and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Spirit of 2012 is responsible for the maintenance and integrity of the charity and financial information included on Spirit of 2012's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements.

Auditor and solicitor

Buzzacott will continue to act as our auditor, having been appointed in 2019 for a three-year period. Bates Wells has expressed their willingness to continue to act as our appointed solicitor.

Approved by the Trustee and signed on its behalf by:



Jane, Lady Gibson

Chair

7 July 2021

Spirit of 2012

Statement on the System of Internal Controls

For the Year Ended 31 March 2021

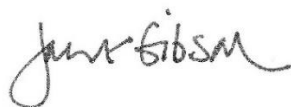
We acknowledge our responsibility for ensuring that an effective system of internal controls is maintained and operated by Spirit of 2012 which supports the achievement of Spirit of 2012's objectives whilst ensuring compliance with the requirements of Spirit of 2012's governing documents.

The systems provide reasonable, though not absolute assurance, that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within the financial year, or another identified specific timeframe.

The system of internal controls are based on a framework of policies, regular management information, administrative procedures, including the segregation of duties, and a system of delegation and accountability. They include:

- ✚ comprehensive budgeting systems within the framework of policies set by the Directors and an annual budget which is reviewed and agreed by the Board of the Corporate Trustee;
- ✚ scrutiny by the Finance, Investment & Resources Committee and the Board of quarterly and annual financial reports, which indicate financial performance against targets;
- ✚ an operational corporate plan that includes cash flow and budget variance targets to measure financial and other performance;
- ✚ clearly defined capital investment control guidelines within the framework of an annually-reviewed investment policy;
- ✚ formal operational risk and project management systems, processes and disciplines;
- ✚ procedures for the assessment of applications, management and monitoring of grants, ensuring that all applications are rigorously processed and scrutinised;
- ✚ a consistent model across all grants for evaluating the outputs, outcomes and impact of funded projects to ensure effective use of Spirit of 2012 grants for their intended purpose.

The Audit & Risk Committee of the Board reviews internal controls internally each year and ensures that any recommendations are actioned within six months.



Jane, Lady Gibson

Chair

7 July 2021



Ruth Hollis

Chief Executive

7 July 2021

Spirit of 2012

Auditor's report

For the Year Ended 31 March 2021

Opinion

We have audited the financial statements of Spirit of 2012 (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The Directors of the Corporate Trustee (the Directors) are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on

Spirit of 2012

Auditor's report

For the Year Ended 31 March 2021

the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- ◆ the information given in the Trustee's annual report is inconsistent in any material respect with the financial statements; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of the Directors

As explained more fully in the Trustee's responsibilities statement, the Directors 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 Directors 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 Directors are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the charity or to cease operations, or has 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

Spirit of 2012

Auditor's report

For the Year Ended 31 March 2021

economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011) and those that relate to data protection (General Data Protection Regulation).
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- used data analytics to investigate the rationale behind any significant or unusual transactions;

Spirit of 2012

Auditor's report

For the Year Ended 31 March 2021

- tested authorisation controls on expenditure items, ensuring all expenditure was approved in line with the charitable company's financial procedures; and
- performed substantive testing on a sample of grant expenditure to ensure the expenditure incurred complied with the funding agreements.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the charity's Trustee, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustee, for our audit work, for this report, or for the opinions we have formed.



22 July 2021

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

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

Spirit of 2012

Statement of Financial Activities

For the Year Ended 31 March 2021

		Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2021 £	Total Funds 2020 £
	Notes					
INCOME						
Charitable Activities						
Grants	2	-	1,027,171	-	1,027,171	902,729
Investment Income	3	216,508	-	-	216,508	332,246
Total Income		216,508	1,027,171	-	1,243,679	1,234,975
EXPENDITURE						
Raising Funds						
Investment Management Costs		-	-	42,387	42,387	40,589
Charitable Activities						
Active		55,055	110,531	-	165,586	3,669,195
Connected		19,730	159,965	-	179,695	1,816,264
Creative		3,370,481	164,506	-	3,534,987	2,052,399
Incubation		49,752	43,547	-	93,299	83,203
Total Expenditure	4-9	3,495,018	478,549	42,387	4,015,954	7,661,650
Net Gains/(Losses) on Investments		-	-	1,323,293	1,323,293	(946,264)
Net (Expenditure)/Income		(3,278,510)	548,622	1,280,906	(1,448,982)	(7,372,939)
Transfers Between Funds	17	3,470,018	25,000	(3,495,018)	-	-
Net Movement in Funds		191,508	573,622	(2,214,112)	(1,448,982)	(7,372,939)
Total Funds Brought Forward at 1 April 2020	17	1,970,560	(455,028)	9,041,715	10,557,247	17,930,186
Total Funds Carried Forward at 31 March 2021	17	2,162,068	118,594	6,827,603	9,108,265	10,557,247

All income and expenditure is derived from continuing activities

Spirit of 2012

Balance Sheet

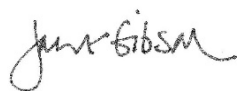
As at 31 March 2021

		2021		2020	
		£	£	£	£
	Notes				
Fixed assets					
Tangible assets	11	12,162		9,139	
Investments	12	7,679,575		10,609,535	
			7,691,737		10,618,674
Current assets					
Debtors	14	57,310		273,826	
Investments: Short term deposits	13	125,249		569,901	
Cash at bank and in hand		8,107,612		6,868,149	
		8,290,171		7,711,876	
Creditors : Amounts falling due within one year	15	4,545,635		4,481,277	
Net current assets/(liabilities)			3,744,536		3,230,599
Total assets less current liabilities			11,436,273		13,849,273
Creditors : Amounts falling due after more than one year	16		(2,328,008)		(3,292,026)
Net assets			9,108,265		10,557,247
Represented by					
Endowment Funds	19		6,827,603		9,041,715
Restricted Income Funds	18		118,594		(455,028)
Unrestricted Funds	17		2,162,068		1,970,560
Total Charity funds	20		9,108,265		10,557,247

The notes on pages 40 to 55 form part of these accounts

Approved by the Corporate Trustee, Spirit of 2012 Trustee Limited, on 7 July 2021

And signed on its behalf by



Jane, Lady Gibson

Chair

Director of Spirit of 2012 Trustee Limited

Spirit of 2012

Statement of Cash Flows

For the Year Ended 31 March 2021

	2021 £	2020 £
Cash flows from operating activities		
Net cash used in operating activities	(3,665,781)	(6,031,549)
Cash flows from investing activities		
Interest from investments	216,508	332,246
Purchase of fixed assets and equipment	(9,169)	(6,581)
Proceeds from sale of investments	7,265,927	12,313,854
Purchase of investments	(3,031,188)	(2,704,204)
Net cash provided by investing activities	4,442,078	9,935,315
Cash flows from financing activities		
Net decrease in funds on deposit	463,166	124,956
Net movement in cash and cash equivalents in the year	1,239,463	4,028,722
Cash and cash equivalents at 1 April 2020	6,868,149	2,839,427
Cash and cash equivalents at 31 March 2021	8,107,612	6,868,149

Reconciliation of net expenditure to net cash flow used in operating activities

	2021 £	2020 £
Net expenditure for the year (as per the Statement of Financial Activities)	(1,448,982)	(7,372,939)
Adjustments for:		
Depreciation	6,146	5,826
(Gains)/Losses on investments	(1,323,293)	946,264
Interest from investments	(216,508)	(332,246)
Decrease/(Increase) in debtors	216,516	(190,694)
(Decrease)/Increase in creditors	(899,660)	912,240
Net cash used in operating activities	(3,665,781)	(6,031,549)

Analysis of Changes in Net Debt

	2020 £	Cash flows £	2021 £
Cash and Cash equivalents			
Cash at bank and in hand	6,620,563	1,279,442	7,900,005
Cash held by investment managers	247,586	(39,979)	207,607
	6,868,149	1,239,463	8,107,612

1 Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with 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) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

Preparation of the accounts on a going concern basis

We have set out in the Trustee's report a review of financial performance and the Charity's reserves position and we have a reasonable expectation that we have the resources to continue in operational existence for the foreseeable future. We believe that there are no material uncertainties that call into doubt the Charity's ability to continue as a going concern. The accounts have, therefore, been prepared on the basis that the Charity is a going concern.

We have reviewed the Charity's position in light of the current COVID pandemic and believe that the Charity has enough reserves and cash to meet its ongoing grant commitments for the foreseeable future and therefore the going concern basis still applies.

Grants receivable

Grants receivable are credited to the Statement of Financial Activities in the year in which they are receivable. If a grant has not been received but has been legally committed to by the funder then it is accrued in the year of commitment.

Income

All income is included in the Statement of Financial Activities when the Charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary resources 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.
- The value of services provided by volunteers has not been included in these accounts.
- Investment income is included when receivable.
- Unrestricted income is deferred when it is received and relates to a period following the year end. Restricted income is deferred only when this relates wholly to a future period, as specified by the funder.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under Spirit's charitable activities.

Grants payable

Grants payable are recognised when a constructive obligation arises or where the recipient has been informed of the decision to make the award. Grants awarded are all conditional on satisfactory compliance with the terms and conditions of the award and are monitored annually. Future grant payments that are subject to annual monitoring procedures are deferred.

1 Accounting Policies (Continued)

Allocation of overhead and support costs

Overhead and support costs have been apportioned based on the value of individual grants awarded in the year. Consultancy fees and expenses have been allocated to the charitable activity to which the consultant's work related. The analysis of overhead and support costs is shown in note 4.

Irrecoverable VAT

Any irrecoverable VAT is charged to the Statement of Financial Activities, or capitalised as part of the cost of the related asset, where appropriate.

Other liabilities

Other liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

Tangible fixed assets

Tangible fixed assets consist of furniture, fittings and office equipment, which are shown at cost and depreciated on a straight-line basis over their estimated useful life of five years for furniture and fittings, and three years for office equipment (including IT). All assets costing more than £300 in value are included as tangible fixed assets within the financial statements. All tangible fixed assets are subject to annual impairment reviews with any diminution in value arising expensed in the Statement of Financial Activities.

Fixed asset investments

Investments held as fixed assets are revalued at market value at the balance sheet date. The gain or loss for the year, which is calculated as the difference between the market value and historical cost value of investments, is taken to the Statement of Financial Activities.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered and provision for bad and doubtful debts. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and in hand consists of amounts held in bank accounts with instant access and therefore readily available.

Current asset investments

Current asset investments consist of amounts held on deposit and are not instant access and investments which are akin to cash.

Creditors and provisions

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1 Accounting Policies (Continued)

Financial instruments

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Pension costs

Spirit makes contributions to a group personal pension scheme. The pension cost charge represents contributions payable by Spirit to the scheme. Any difference between amounts charged in the Statement of Financial Activities and paid to the pension scheme is shown in the balance sheet as a liability or asset.

Fund accounting

Unrestricted funds represent the general reserves of the Charity that can be utilised freely for the purposes of furthering the objects of the Charity. Unrestricted income comprises of investment income earned from the endowment and any other income in which no restrictions on its use applies.

Restricted funds represent income that is to be applied for specific purposes, as specified by the donor. Restricted income comprises of investment income earned from the restricted element of the endowment and any other grant income which is for specific purposes only.

Endowment funds represent an expendable endowment whereby the capital and the interest are available for use at the discretion of the Directors of the Corporate Trustee in furtherance of the general objects of the Charity and which have not been designated for any other purposes. The Directors at their discretion may transfer any interest earned on the endowment to general unrestricted funds or restricted funds.

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The Directors of the Corporate Trustee do not consider there to be any estimates or judgements that are critical to the financial statements.

2 Grant Income

During the year the following funds were receivable:

	2021 £	2020 £
Restricted Funds		
Robertson Trust - Thrive rollout programme	-	55,000
Scottish Government - Thrive rollout programme	50,000	-
NLCF Lottery - #iWill campaign	-	300,000
DCMS - Tampon Tax Fund	952,171	547,729
Local Trust - Community Events	25,000	-
	<u>1,027,171</u>	<u>902,729</u>

The grant receivable in the year from DCMS represents the amounts due in the year on an arrears basis. The total grant secured in 2020 amounted to £1.5 million. A further £50,000 was received from the Scottish Government during the year to help extend the Thrive toolkit rollout which is a joint project with the Scottish Government, Robertson Trust and Spirit of 2012 through the Changing Lives Programme. A grant of £25,000 from the Local Trust is part of a joint piece of research on Community and Individual Wellbeing into which Spirit has also contributed £25,000.

3 Investment Income

	2021 £	2020 £
Unrestricted Funds		
Income from listed investments	205,450	233,220
Bank interest receivable	11,058	97,434
	<u>216,508</u>	<u>330,654</u>

Income from listed investments can be analysed as follows;

Fixed Interest	79,341	76,703
Equities	56,723	119,102
Alternative investments	69,386	37,415
	<u>205,450</u>	<u>233,220</u>

Restricted Funds

	£	£
Bank interest receivable	-	1,592
	<u>-</u>	<u>1,592</u>

Total Investment Income	<u>216,508</u>	<u>332,246</u>
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4 Analysis of Expenditure

Spirit awarded grants to a number of institutions in the furtherance of its charitable activities and also undertook programme development, monitoring and evaluation and communications activities.

	2021		2020	
	£	£	£	£
Grants awarded (see note 6)		3,062,053		6,643,601
Other Direct Charitable Expenditure				
Programme Development - Staff Costs	328,136		318,416	
Programme Development - Other	147,820		132,683	
Communications and Large Event Costs	19,493		37,561	
Monitoring & Evaluation	99,124		151,535	
		594,573		640,195
Direct Charitable Expenditure		3,656,626		7,283,796
Support Costs				
Governance costs	22,728		30,833	
Core Staff Costs	218,758		205,660	
Recruitment Costs	850		5,426	
Consultancy	14,686		5,387	
Premises Costs	25,041		24,410	
Operational Costs	34,878		65,549	
		316,941		337,265
Total Expenditure on Charitable Activities		3,973,567		7,621,061
Expenditure on Raising Funds				
Investment Managers Costs	42,387		40,589	
		42,387		40,589
		4,015,954		7,661,650
Split:				
Unrestricted funds		3,495,018		5,318,571
Restricted funds		478,549		2,302,490
Endowment Funds		42,387		40,589
		4,015,954		7,661,650

5 Analysis of costs split by Charitable Activity

Unrestricted Funds

2021	Active £	Connected £	Creative £	Incubation £	Total £
Grants awarded	46,350	9,096	2,826,074	35,000	2,916,520
Other Direct Charitable					
Expenditure	3,936	4,808	246,143	6,670	261,557
Support Costs	4,769	5,826	298,264	8,082	316,941
	55,055	19,730	3,370,481	49,752	3,495,018

2020	Active £	Connected £	Creative £	Incubation £	Total £
Grants awarded	3,193,780	983,314	190,484	72,532	4,440,110
Other Direct Charitable					
Expenditure	278,237	152,572	103,397	6,990	541,196
Support Costs	162,378	80,378	90,828	3,681	337,265
	3,634,395	1,216,264	384,709	83,203	5,318,571

Restricted Funds

2021	Active £	Connected £	Creative £	Incubation £	Total £
Grants awarded	(3)	47,517	54,472	43,547	145,533
Other Direct Charitable					
Expenditure	110,534	112,448	110,034	-	333,016
Support Costs	-	-	-	-	-
	110,531	159,965	164,506	43,547	478,549

2020	Active £	Connected £	Creative £	Incubation £	Total £
Grants awarded	4,812	600,000	1,598,679	-	2,203,491
Other Direct Charitable					
Expenditure	29,988	-	69,011	-	98,999
Support Costs	-	-	-	-	-
	34,800	600,000	1,667,690	-	2,302,490

Grants awarded are split across the portfolio dependent on the main theme of the particular project.

All other costs are allocated as a proportion of the total grants awarded to that theme.

For restricted funds only direct costs are charged as agreed with these specific projects.

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2021

6 Grants Awarded

The following grants were payable during the year to projects under the 4 programme headings. These figures include adjustments at the end of projects as well as new grants awarded.

Active	2021 No.	2020 No.	2021 £	£	2020 £	£
<u>Changing Lives through Sport and Physical Activity Fund</u>						
* Netball Scotland	-	-	(3)		-	
	-	-	(3)		-	
* Legacy 2014	-	-	-		4,812	
Activity Alliance	-	-	-		3,000,000	
British Olympic Foundation	1	1	46,350		193,780	
	1	1	46,350		3,198,592	
Total Active	1	1		46,347		3,198,592
Connected						
* UK Youth	1	1	47,517		600,000	
Jo Cox Foundation	-	1	-		997,000	
England Athletics	-	-	-		(13,686)	
Grantee Wellbeing microgrants	6	-	9,096		-	
Total Connected	7	2		56,613		1,583,314
Creative						
Coventry City of Culture	1	-	1,000,000		-	
Birmingham Organising Committee for the Commonwealth Games 2022	1	-	1,000,000		-	
Whitley Bay Big Local	1	-	100,000		-	
More Music	1	-	130,000		-	
Black Country Together	1	-	200,000		-	
Caudwell Children	1	-	200,000		-	
Warwick Arts Centre	1	-	196,074		-	
Creative Arts East	-	1	-		199,879	
Mighty Creatives	-	-	-		(9,395)	
	7	1	2,826,074		190,484	
Carried forward to next page	8	3		102,960		4,781,906

* - Restricted Funds

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2021

6 Grants Awarded (continued)

	2021 No.	2020 No.	2021 £	2020 £
Brought forward from previous page	8	3	102,960	4,781,906

Creative (continued)

Brought forward from previous page	7	1	2,826,074	190,484
<u>Carers' Music Fund</u>				
* Barnardo's	-	1	-	55,618
* Blackpool Carers Centre	1	1	717	238,864
* Feis Rois	-	1	-	59,998
* Jack Drum Arts	1	1	29,112	120,140
* Midland Arts Centre	-	1	-	219,999
* My Pockets People	-	1	-	156,651
* Noise Solution	1	1	6,169	227,272
* Northamptonshire Carers	-	1	-	239,005
* Oh Yeah Music	-	1	-	59,800
* UK Youth	1	1	13,664	221,332
* Carers UK	1	-	4,810	-
	<u>5</u>	<u>10</u>	<u>54,472</u>	<u>1,598,679</u>
Total Creative	<u>12</u>	<u>11</u>	2,880,546	1,789,163

Incubation

Great Get Together micro grants	-	27	-	7,658
Jo Cox Foundation	-	1	-	19,984
The WOW Foundation	-	1	-	19,890
COIN/Belong	1	1	35,000	25,000
* What Works Centre for Wellbeing	1	-	43,547	-
Total Incubation	<u>2</u>	<u>30</u>	78,547	72,532

Totals	<u><u>22</u></u>	<u><u>44</u></u>	<u><u>3,062,053</u></u>	<u><u>6,643,601</u></u>
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Split:

Unrestricted funds	2,916,520	4,440,110
Restricted funds (*)	145,533	2,203,491
	<u><u>3,062,053</u></u>	<u><u>6,643,601</u></u>

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2021

7 Grant Commitments

Below are pre-existing grant commitments, recognised at the beginning of the year, and the balances of those commitments recognised at the end of the year. It itemises new grant commitments made during the year, grants paid against both pre-existing and new commitments.

	Grant commitments at 1 Apr 2020	New grant commitments	Grants paid	Grants closed / underspent	Grant commitments at 31 Mar 2021
	£	£	£	£	£
2021					
Active	3,093,384	46,350	(747,567)	(3)	2,392,164
Connected	3,029,638	56,613	(1,567,527)	-	1,518,724
Creative	1,530,858	2,880,546	(1,764,056)	-	2,647,348
Incubation Fund	10,000	78,547	(64,924)	-	23,623
	7,663,880	3,062,056	(4,144,074)	(3)	6,581,859

	Grants Payable within one year	Grants Payable over one year	Grant commitments at 31 Mar 2021
	£	£	£
2021			
Active	1,102,240	1,289,924	2,392,164
Connected	1,073,728	444,996	1,518,724
Creative	2,054,260	593,088	2,647,348
Incubation Fund	23,623	-	23,623
	4,253,851	2,328,008	6,581,859

	Grant commitments at 1 Apr 2019	New grant commitments	Grants paid	Grants closed / underspent	Grant commitments at 31 Mar 2020
	£	£	£	£	£
2020					
Active	2,247,440	3,193,780	(2,352,648)	4,812	3,093,384
Connected	3,627,985	1,597,000	(2,181,661)	(13,686)	3,029,638
Creative	908,084	1,798,583	(1,166,388)	(9,421)	1,530,858
Incubation Fund	-	73,581	(62,533)	(1,048)	10,000
	6,783,509	6,662,944	(5,763,230)	(19,343)	7,663,880

	Grants Payable within one year	Grants Payable over one year	Grant commitments at 31 Mar 2020
	£	£	£
2020			
Active	1,095,851	1,997,533	3,093,384
Connected	1,978,163	1,051,475	3,029,638
Creative	1,287,840	243,018	1,530,858
Incubation Fund	10,000	-	10,000
	4,371,854	3,292,026	7,663,880

These commitments are included as creditors in notes 15 and 16.

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2021

8 Staff Costs

	2021 £	2020 £
Wages and salaries	455,372	434,371
Social security costs	44,746	42,619
Pension contributions	46,777	46,989
Total staff costs	546,895	523,979

During the year employees earning in excess of £60,000 per annum, including taxable benefits apart from employer pension contributions, are as follows;

	2021 No.	2020 No.
£80,000 - £89,999	-	1
£90,000 - £99,999	1	-
	1	1

The total amount of pension benefits for these higher paid employees was £9,250 (2020: £8,806)

The key management personnel of the charity in charge of directing, controlling, running and operating the charity on a day to day basis comprise of the Board Members, Chief Executive, Head of Finance and Operations and Head of Programmes and Impact. Total remuneration (gross pay, employer pension contributions and national insurance) for key management personnel was £235,636 (2020: £215,880).

No Director of the corporate trustee received any remuneration during the year. No Director received any reimbursement of expenses incurred relating to Spirit activities as all meetings were held online during the year and no expenses were incurred by the Directors (2020: Eight Directors were reimbursed a total of £3,535 for travel, subsistence and accommodation).

The average headcount number of employees analysed by function was:

	2021 No.	2020 No.
Programme Staff	7.0	5.5
Management and Administration	4.0	4.5
	11.0	10.0

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2021

9 Net expenditure is stated after charging:

	2021 £	2020 £
Auditors' remuneration for audit services (incl. VAT)	7,320	7,320
Investment Management Fees	42,387	40,589
Travel, subsistence and hospitality costs	(254)	16,529
Directors' Indemnity Insurance	1,342	1,410
Fees and expenses of the Protector	10,000	10,000
Operating lease costs (office rentals)	67,161	72,597

Investment Management Fees are payable quarterly based on the portfolio value managed and are in line with current market rates for this service.

10 Taxation

Spirit of 2012 is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in the furtherance of Spirit's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

Spirit is not registered for VAT and accordingly, all of its expenditure is recorded inclusive of VAT incurred.

11 Tangible Fixed Assets

	Office Equipment £	Furniture and Fittings £	Total 2021 £
All used for direct charitable purposes			
Cost			
At 1 April 2020	33,115	19,309	52,424
Additions	8,372	797	9,169
At 31 March 2021	41,487	20,106	61,593
Depreciation			
At 1 April 2020	24,728	18,557	43,285
Charges for the year	5,810	336	6,146
At 31 March 2021	30,538	18,893	49,431
Net book value			
At 31 March 2021	10,949	1,213	12,162
At 31 March 2020	8,387	752	9,139

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2021

12 Investments

	2021		2020	
	Cost £	Market value £	Cost £	Market value £
Listed Investments				
Fixed Interest	2,656,426	2,668,637	3,690,723	3,535,981
Equities	1,886,185	2,203,576	3,776,061	3,795,494
Alternative investments	2,735,817	2,807,362	3,547,435	3,278,060
	<u>7,278,428</u>	<u>7,679,575</u>	<u>11,014,219</u>	<u>10,609,535</u>

Alternative investments are those outside traditional cash, bonds and equities. These include commodities, real estate funds and hedge funds.

	2021 £	2020 £
At 1 April 2020	10,609,535	21,129,274
Additions in the year	3,031,188	2,704,204
Disposals in the year	(7,265,927)	(12,313,854)
Realised net gains in the year	487,102	1,071,259
Unrealised net gains/(losses) in the year	817,677	(1,981,348)
Balance at 31 March 2021	<u>7,679,575</u>	<u>10,609,535</u>

Individual assets, and their market values at 31 March 2021, representing over 5% of the investment portfolio are as follows:

	£	£
Invesco Fixed Interest Investment Series - Corporate Bond Fund	418,895	394,091
iShares Corporate Bond Index Fund	409,407	394,138
GSQuartix Modified Strategy on the Bloomberg Commodity Index	423,068	266,190
PIMCO Funds Global Investment - Diversified Income Fund	408,417	370,232

13 Investments: Short Term Deposits

	2021		2020	
	Cost £	Market value £	Cost £	Market value £
Short term investments	<u>124,598</u>	<u>125,249</u>	<u>603,296</u>	<u>569,901</u>
			2021 £	2020 £
At 1 April 2020			569,901	731,032
Additions in the year			-	1,017,473
Disposals in the year			(463,166)	(1,142,429)
Realised net (losses)/gains in the year			(15,529)	4,687
Unrealised net gains/(losses) in the year			34,043	(40,862)
Balance at 31 March 2021			<u>125,249</u>	<u>569,901</u>

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2021

14 Debtors

	2021 £	2020 £
Trade debtors	11,835	27,596
Other debtors	17,162	17,864
Prepayments	28,100	26,348
Accrued income	213	202,018
	57,310	273,826

15 Creditors - Amounts falling due within one year

	2021 £	2020 £
Trade creditors	268,786	74,923
Grants payable	4,253,851	4,371,854
Accruals	22,998	34,500
	4,545,635	4,481,277

16 Creditors - Amounts falling due after one year

	2021 £	2020 £
Grants payable	2,328,008	3,292,026

17 Funds

At the year end, a sum equivalent to the total value of charitable expenditure was converted to unrestricted income from the endowment fund.

	At 1 April 2020 £	Income £	Expenditure £	Investment Gains / Transfers £	At 31 March 2021 £
Endowment Funds	9,041,715	-	(42,387)	(2,171,725)	6,827,603
Restricted Funds	(455,028)	1,027,171	(478,549)	25,000	118,594
Unrestricted Funds	1,970,560	216,508	(3,495,018)	3,470,018	2,162,068
Total Funds	10,557,247	1,243,679	(4,015,954)	1,323,293	9,108,265
Prior year comparative	At 1 April 2019 £	Income £	Expenditure £	Investment Losses / Transfers £	At 31 March 2020 £
Endowment Funds	15,347,139	-	(40,589)	(6,264,835)	9,041,715
Restricted Funds	243,141	904,321	(2,302,490)	700,000	(455,028)
Unrestricted Funds	2,339,906	330,654	(5,318,571)	4,618,571	1,970,560
Total Funds	17,930,186	1,234,975	(7,661,650)	(946,264)	10,557,247

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2021

18 Restricted Funds

	At 1 April 2020	Income	Expenditure	Transfers	At 31 March 2021
	£	£	£	£	£
EmpowHER project	189,781	-	(159,965)	-	29,816
Changing Lives Fund	75,152	50,000	(110,531)	-	14,621
Carers' Music Fund	(719,961)	952,171	(164,506)	-	67,704
Community & Individual Wellbeing	-	25,000	(43,547)	25,000	6,453
	(455,028)	1,027,171	(478,549)	25,000	118,594

EmpowHER is a project that started in 2018-19 with the award of a grant to UK Youth. The project was launched to mark the centenary of women's suffrage and aims to develop and skill up young women and girls to use their voices for positive change. Spirit invested £1 million in this fund to match the £1 million contribution from the National Lottery Community Fund as part of their #iWill campaign. During 2019-20 a further £300,000 was contributed by the #iWill campaign and matched again by Spirit. This has extended the programme to other locations and an additional cohort of beneficiaries.

During the year the Changing Lives programme continued to deliver across its 17 projects. This is a programme jointly funded by Spirit, the Scottish Government and the Robertson Trust. The programme has also invested in rolling out the Thrive toolkit and engaged Evaluation Sport Scotland and Agile CIC to deliver this. Robertson Trust contributed £55,000 towards this rollout during 2019-20 and the Scottish Government added a further £50,000 in 2020-21.

In April 2019, Spirit secured a £1.5 million grant from the Department of Digital, Culture, Media and Sport through the Tampon Tax Fund. This is to fund the Carers' Music Fund which delivers 10 projects across the UK for women with caring responsibilities. Spirit has contributed £400,000 towards the fund to cover evaluation costs as well as support for the 'Cared for' to assist attendance at sessions by participants. This restricted fund showed as negative in 2019-20 due to the grant agreement structure of the Carers' Music Fund. DCMS awarded Spirit of 2012 £1.5 million for the fund but, because the grant is paid in arrears, only the proportion that was received in the year was included as income. The full amount of grants awarded by Spirit of 2012 was accrued because Spirit had committed to this full amount for the 10 onward grants in the fund and this had been included as expenditure. The fund returned to a positive position in 2020-21 as the projects incurred the expected delivery costs and Spirit received the payments in arrears from DCMS. Delivery of the projects in this fund are due to complete in 2021-22.

Prior year comparative	At 1 April 2019	Income	Expenditure	Transfers	At 31 March 2020
	£	£	£	£	£
EmpowHER project	188,189	301,592	(600,000)	300,000	189,781
Changing Lives Fund	54,952	55,000	(34,800)	-	75,152
Carers' Music Fund	-	547,729	(1,667,690)	400,000	(719,961)
	243,141	904,321	(2,302,490)	700,000	(455,028)

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2021

19 Endowment Funds

At 1 April 2020	Realised Gains £	Unrealised Losses £	Converted to Income £	Investment Manager's Fees £	At 31 March 2021 £
9,041,715	471,573	851,720	(3,495,018)	(42,387)	6,827,603

Endowment Funds consist of an expendable endowment which is described in the Accounting Policy on page 42.

Prior year comparative	At 1 April 2019	Realised Gains £	Unrealised Losses £	Converted to Income £	Investment Manager's Fees £	At 31 March 2020 £
	15,347,139	1,075,946	(2,022,210)	(5,318,571)	(40,589)	9,041,715

20 Net assets by Fund

	Fixed Assets £	Net Current Assets / (Liabilities) £	Long term Creditors £	Net Assets £
2021				
Endowment Funds	7,679,575	(851,972)	-	6,827,603
Restricted Funds	-	118,594	-	118,594
Unrestricted Funds	12,162	4,477,914	(2,328,008)	2,162,068
Total Funds	7,691,737	3,744,536	(2,328,008)	9,108,265
2020				
Endowment Funds	10,609,535	(1,567,820)	-	9,041,715
Restricted Funds	-	(300,263)	(154,765)	(455,028)
Unrestricted Funds	9,139	5,098,682	(3,137,261)	1,970,560
Total Funds	10,618,674	3,230,599	(3,292,026)	10,557,247

21 Related Party Transactions

Spirit, because of its nature, has close working relationships with a number of organisations which the Corporate Trustee's Directors are involved with.

There were no other related party transactions that require disclosure other than those disclosed in note 8 relating to Directors' expenses.

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2021

22 Corporate Trustee

Spirit of 2012 has only one Trustee, being Spirit of 2012 Trustee Limited.

23 Commitments Under Operating Leases

As at 31 March 2021 the total future minimum lease payments under non-cancellable operating leases were as follows:

	Land and Buildings	
	2021	2020
	£	£
Payments due:		
Within one year	72,262	72,262
Between one and two years	72,262	54,196
Between two and five years	60,218	-
	204,742	126,458

24 Post Balance Sheet Events

At the Board meeting in April 2021, the following grants were awarded :

£500,000 to UK Youth to extend the successful EmpowHER project. This extension is strongly routed in sustainability and will provide training and resources to 40 youth organisations, and intensive support and expertise for 6 national partners to develop a local network of knowledge and best practice. This will also help them better support youth engagement and social action and help them secure local funding.

£200,000 to Hull City Council to support the Volunteers Programme transferred from Absolutely Cultured Limited. This continues Spirit's involvement in this programme for a further three years to 2024. Hull City Council are very focussed on stability for the programme, and it will extend the volunteer offer across culture, heritage and visitor economy landscapes.

During June 2021, Spirit of 2012 sold its equity portfolio of £5.4 million which is included in long term investments at the year end and realised gains of £0.5 million. The decision to sell was made after the year end but is in line with the investment policy agreed by the Board in January 2021.

25 Legal form of Spirit of 2012

Spirit of 2012 is registered as a Charity in England and Wales with the Charity Commission (Registered number 1155110). Its address registered with the Charity Commission is Room S100, New Wing, Somerset House, Strand, London WC2R 1LA which is also its principal place of business.

Spirit of 2012

Report of the Protector

For the Year Ended 31 March 2021

Background

I took up my appointment as Protector of Spirit of 2012 ("Spirit") in January 2014 for an initial three-year term. This has since been extended for two further three-year terms until the end of December 2022. I am required under the terms of the Trust Deed dated 7 October 2013 to prepare a statement for publication by the Trustee in its annual report which explains the function of the Protector, how that function has been exercised and, where appropriate, identifies any areas of administration of the Charity which require improvement, and the steps to be taken by the Trustee to effect such improvement. The sole Trustee of the Charity is Spirit of 2012 Trustee Limited ("the Trustee"), a private company limited by guarantee established for that purpose.

Function of the Protector

Under the Trust Deed the Protector has a fiduciary duty to ensure the integrity of the administration of the Charity and the propriety of its procedures.

Although not involved in decision taking within the Charity, the Trust Deed stipulates that the Protector's consent is required in certain specified situations. The Protector is also required under the Trust Deed to report on any matters of serious concern to the Big Lottery Fund, now The National Lottery Community Fund ("TNLCF"), as the Founder of Spirit, or to the Charity Commission.

The function of the Protector is therefore to ensure that the Trustee administers the Charity properly and applies the Charity's property in accordance with the Trust Deed. Spirit received an original expendable endowment of £40million from TNLCF in December 2013, to which a further £7million was added to provide funding for six projects under the Keeping the Spirit of 2012 Alive programme, the management of which was novated to Spirit, and to support the development of a Theory of Change and Monitoring and Evaluation Framework.

Objects of the Charity

The Objects of Spirit are set out in the Trust Deed, as amended, and provide for the promotion of the following charitable purposes for the benefit of the public throughout the United Kingdom of Great Britain and Northern Ireland:

- the advancement of education of children and young people including, but not limited to, sporting and cultural activities by encouraging good citizenship;
- increasing the effectiveness and efficiency of the Voluntary Sector by encouraging members of the public to engage in activities to help others on a voluntary basis;
- the development of the capacity and skills of members of socially and economically or socially disadvantaged communities in such a way that they are better able to identify and help meet their own needs and to participate more fully in society; and
- promoting greater understanding, and meeting the needs, of people with disabilities and thereby encourage their social inclusion and to use training and other activities to build their confidence and inspire others.

Spirit of 2012

Report of the Protector

For the Year Ended 31 March 2021

Administration of the Charity

Following the onset of the COVID-19 coronavirus pandemic, and the subsequent restrictions introduced by the Government, all Board and Committee meetings were held remotely. I attended by Zoom all four Board meetings, the four meetings of the renamed Finance, Investment and Resources Committee ("FIR"), and both meetings of the Audit and Risk Committee ("ARC"). I also attended two meetings of what is now the Policy, Impact and Influencing Committee ("PII").

I corresponded with the Chief Executive in the lead up to each Board meeting, and with the Chair routinely as and when circumstances required, as part of my responsibility to keep matters under regular review. There were no matters of significant concern to raise with TNLCF or the Charity Commission. The ARC, and the Board in turn, continued to fully scrutinise the Risk Register maintained by the Executive Team, focusing in particular on the risks arising from the emergence and impact of the coronavirus pandemic.

I am satisfied that the Charity has once again been properly administered in accordance with the terms of the Trust Deed in the year under review.

The Board of the Trustee

The emergence of the coronavirus pandemic created an unexpected and unprecedented challenge for the Board which might easily have derailed the revised vision and plans set out in *Happier People, Happier Places* launched in January 2020. It would have been easy for the Board to bow to pressure and provide emergency funding to relevant causes. To its credit, and properly, the Board stayed true to its funding principles and priorities while adopting a flexible and supportive approach to grantees to help guide them through difficult times. Spirit's commitment to build sustainable social legacies from the inspiration of events, investing to improve how people feel about themselves, other people and their communities remains firmly at the heart of its work.

The Board, under the perceptive and committed lead of Jane, Lady Gibson, adapted well to these changed circumstances in once again providing full oversight of Spirit's activities. The opportunity was taken to further refine Spirit's funding policy and to introduce a legacy funding programme to reflect the growing emphasis on ensuring that the benefits of Spirit's experience in promoting wellbeing through events and volunteering is widely shared and soundly embedded in future best practice.

Three former members of the Youth Advisory Panel were appointed to the Board during the year to broaden the experience of Board members and, importantly, demonstrate Spirit's clear commitment to youth. An appropriate balance of experience has been maintained at both Board and Committee level and this has been matched by a significant degree of dedication in overseeing Spirit's work.

A full appraisal of the Chair's effectiveness led by the Chair of the Audit & Risk Committee was successfully completed and is to be followed this year by a further review of Board effectiveness to ensure that the Board's approach and performance remains fit for purpose.

Spirit of 2012

Report of the Protector

For the Year Ended 31 March 2021

The Programmes

The delivery of the grants programme was understandably affected greatly by the coronavirus pandemic with the majority of projects either on hold or having to operate differently in accordance with social distancing protocols. The need for vigilant grant monitoring took on an added significance in order to ensure that funds were applied appropriately. A report on how the projects have adapted to this challenge and how Spirit has responded by providing welcome guidance and support, as well as sensitive monitoring, is set out in the Trustee's Report and Financial Statements. The level of spending commitment and the amount of income or match funding generated to date continues to be in line with agreed projections.

Spirit's ongoing and critical work in delivering learning, achieving impact and influencing thinking was also inevitably affected by the coronavirus pandemic but the Executive Team under PII's watchful eye adapted very well in the circumstances, as evidenced by the summary of findings of Spirit's research and evaluation partners in the Trustee's Report.

The Youth Advisory Panel and the Spirit of Achievement Panel remain important contributors in the formulation of Spirit's activities. Advancing opportunities for young people, and promoting inclusiveness and diversity of its beneficiaries remain central to Spirit's work.

Finance, Investment and Resources

The Chair of FIR, the Chief Executive, and the Head of Finance and Operations corresponded regularly with Spirit's investment managers Barclays Wealth and Investment Management ("Barclays") about the balance and performance of the investment portfolio which was also reviewed on a quarterly basis by FIR. The Board continued to provide financial oversight and met with Barclays remotely for the agreed annual update and review of performance.

Given the coronavirus pandemic, and the resulting economic uncertainties that this caused, overall investment performance held up well and the value of the portfolio remained stable. Performance continued to be in line with the targets set by the Board and compared satisfactorily against relevant benchmarks. A further update of the investment policy was completed.

With Spirit moving deeper into its spend out phase, and future spending projections crystallising, the opportunity was taken during the year, on the advice of Barclays, to convert half of the Multi Asset Class portfolio to cash, with the balance sold in June 2021. This prudent step was taken in order to protect the value of the portfolio and guard against the risk of any shortfall in the funds available to meet anticipated commitments for the remainder of Spirit's operations. The reduced focus on investment decisions was reflected in the renaming of the committee to recognise its broader role in the appropriate application of resources.

The Executive Team

The staff team, under the calm and experienced lead of Ruth Hollis, has responded admirably to the challenges presented by the coronavirus pandemic, not only in adapting to the need to work remotely over a long period of time but also in effectively managing the needs and expectations

Spirit of 2012

Report of the Protector

For the Year Ended 31 March 2021

of grantees and partners. The team has responded to the task with great credit, helped undoubtedly by the support and encouragement given by the Board.

The staff team, in turn, has continued to provide valued guidance and support to the Board, the Committees, and the Panels. The clear and concise presentation of information and reporting has facilitated properly informed discussion and robust decision-making across Spirit's project and learning programmes. The opportunity was taken to refresh the balance and focus of the staff team through the recruitment of new team members with the requisite skills and experience to enhance the delivery of Spirit's work during the second half of its lifetime.

Looking Ahead

While the final extent and duration of the impact of the coronavirus pandemic on a number of Spirit's project partners remains uncertain, the approaching 10th anniversary of the London Games in 2022 will provide a timely opportunity to champion Spirit's ground-breaking work to date in making a lasting change to how people feel about themselves and their communities.

Spirit's commitment to telling the story, the extensive planned programme of activities in 2022 including through Inspire 2022, and the proposed Inquiry on the Social Legacy of Events suggest that the opportunity will not be lost. The Board's five strategic priorities to build the evidence base, work in partnership, break down barriers, champion genuine inclusion, and influence continue to guide Spirit's efforts.



Jon Siddall

Protector, Spirit of 2012

7 July 2021