



Annual Report and Financial Statements

for the year ended 31 March 2022

Registered Charity Number - 1155110

Spirit of 2012

For the Year Ended 31 March 2022

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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 OBE Kieran Harding Raj Jethwa Graham Loader Bill Morris 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 Policy 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

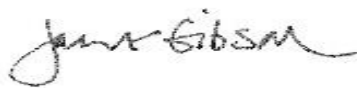
This year has continued to be impacted by the pandemic, both for the Board and staff team and our funded projects. We were delighted when we were able to get the Board and team back together in person and our projects are returning to, largely, face to face delivery.

In November 2021 we launched the Spirit of 2012 Inquiry into the power of events to build happy, thriving, more connected communities. We are very grateful to Sir Thomas Hughes-Hallett for chairing this important piece of work and to all the Inquiry members and people that have generously given their time and expertise to the Inquiry so far. We look forward to releasing the full report and recommendations in November 2022.

This year has seen the 2021 UK City of Culture designation being delivered by Coventry. Spirit was proud to fund their Caring Cities strand of work, which sought to work with some of the most potentially marginalised communities, those with experience of homelessness, poverty, refugees and young people, and give them a voice and stake in their City of Culture. Our congratulations to the Coventry 2021 team for delivering such an inspiring City of Culture year despite the on-going challenges of the pandemic.

We are looking forward to all the bumper events in the Summer of 2022 which have started with the Queen's Platinum Jubilee in June, and will continue with the Women's Euros and the Commonwealth Games in Birmingham and Unboxed across the UK. Critical Mass, the 300-strong dance cast for the Birmingham Cultural Festival is exploring new ways of delivering genuinely inclusive mass participation and performance for hundreds of young people across the Midlands. We are also very proud that Spirit, with the #iwill fund and Local Trust, has developed a partnership, Inspire 2022, to ensure that young people across the UK can design and deliver their own events, inspired by what they see around them.

Looking ahead, we are turning our attention to our spend down phase of Spirit's organisational lifespan to ensure that we can make the greatest impact with the time and resources we have left until we close in 2026.



Jane, Lady Gibson OBE
Chair, Spirit of 2012



Ruth Hollis
Chief Executive, Spirit of 2012

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VISION, PURPOSE, PRIORITIES AND VALUES

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 catalytic power of events in how they can bring communities together and increase people's wellbeing and sense of connectedness to their communities.

Our vision

Spirit's vision is *Happier People, Happier Places*. Happiness, as the emotional manifestation of wellbeing and connectedness, is at the heart of Spirit of 2012's strategy.

Our purpose

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

Our mission

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.

Founding Objects and Founders' Wishes

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 projects around the social legacy of specific 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 project evaluations, we feed that insight into how we, and others, design and deliver projects to have the most social impact, particularly for those with the lowest starting points.

As we move towards the spend down phase of Spirit's organisational lifespan, we have increased the volume of targeted research and policy advocacy we do to deliver these objectives, including launching an Inquiry into how events can help build happy, thriving and more connected communities, which will report in November 2022 (see Impact and Learning section).

Our priorities

Our *Happier People, Happier Places* 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 and 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.

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

What we have funded this year

Spirit of 2012 funds projects that enable people to be **active, connected and creative**. 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 addition to participatory projects, we fund research and test and learn projects through our **Incubation** strand.

New Grants and Grant Variations

In 2021-22, we awarded ten new grants through the Connected and Incubation strands and two grant variations, to increase the overall size of the grant award, in our Active and Creative strands. We also awarded a further 24 micro grants to our grantees for projects to support the wellbeing of their staff during the second COVID-19 lockdown.

Connected

EmpowHER Legacy – UK Youth: £500,000 to continue EmpowHER, a social action programme for girls and young women. The funding explores three ways of delivering the programme in new areas, with greater local ownership and lower costs per participant. (solicited award – builds on previous grant)

Hull Volunteer Programme – Hull City Council: £200,000 to support the Hull Volunteer Programme, initially developed for City of Culture 2017, as it transitions to its new home with HEY Volunteers. (solicited award – builds on previous grant)

Social Prescribing Framework – NAVCA: £35,000 to develop a new quality mark for social prescribing, that would allow low-capacity organisations to demonstrate to link workers that their activities used approaches that contribute to wellbeing outcomes. Jointly funded by the National Academy for Social Prescribing. (solicited award)

Inspire 2022 – UK Youth: £1.7m to UK Youth for a two-year programme for young people to design events for their communities, inspired by the major events and anniversaries taking place across the UK in 2022-3. The funding round was designed in partnership with the Local Trust and a wider set of partners. We are delighted that the #iwill Fund have provided an additional £0.5 in match funding which is included in this grant award. (open funding round)

Young and Black Changemakers, The Diana Award: £200,000 to support work with a cohort of Black young people to rethink what mental health and wellbeing support looks like for themselves and their peers. This is part of a larger project that has been funded by Comic Relief and the Postcode Lottery. (solicited award)

Shared Goals, British Future: £46,207 for a research project looking at the ways that football clubs can act as venues for meaningful social connection between people from different backgrounds. (solicited award)

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Thank You Day, /Together: £50,000 towards the inaugural Thank You Day in June 2021, a new national day to thank volunteers and enable people to give service to their communities. (solicited award)

Incubation

Volunteering together – Inclusive Volunteering and Disabled People, Kim Donahue and Associates: £29,858 for new research into the background, nature and experiences of disabled people who volunteer (open funding round).

Inclusive volunteering in volunteer run museums, Volunteer Centre Dorset: £30,000 to support an action research project working with Dorset museums and heritage organisations to remove barriers to volunteering for disabled people. The aim of the project is to develop guidance that will help museums across the UK recruit and retain more disabled volunteers (open funding round).

The Ripple Effect, Swim England: £60,000 for Swim England to improve the access and experience of disabled people volunteering in aquatic sports (open funding round).

Creative

In Autumn 2021, we came to a mutual decision with Black Country Together (BCT) to close the *Sparks* project early. Whilst the project made good progress in initially establishing a partnership with Deaf Explorer and running some initial taster sessions, it was no longer possible for BCT to deliver a project that was in keeping with the outcomes set out in the West Midlands Challenge Fund application process. The Board decided to reallocate £133,360 in funding to the Birmingham Commonwealth Games Cultural Programme to expand their focus on d/Deaf dancers as part of *Critical Mass*, so that the funding will remain in the West Midlands, serving the core participant group identified by BCT. We would like to thank BCT for their openness during this process. The Audit & Risk Committee as well as Board considered and discussed this issue as part of our risk management processes before a decision was made with BCT.

Active

Bound for Beijing – British Olympic Foundation: £54,114 grant funding extension of the *Travel to Tokyo* project working with schools and families to get people more active. Our funding extended the project, funded in England by Sport England, to Scotland, Northern Ireland and Wales (solicited award)

Closed grants

Our grant portfolio reduced significantly this year with the closure of two cohorts of projects, Carers' Music Fund and the Changing Lives through Sport and Physical Activity Fund. The latter will close officially with the launch of a lessons learned report in summer 2022, but grant relationships came to an end throughout this year.

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The Carers' Music Fund projects came to an end with a virtual summit in June 2021, bringing together music makers, carers organisations and funders to celebrate the achievements of the programme and call for further support to carers.

Eight other grants closed this year, as did our pandemic micro-grant programme to support organisational wellbeing.

We would like to thank all of our grant holders for the work on these projects, for the difference they have made to individuals and their communities, and for their contribution to our body of learning.

Programme expenditure

Spirit of 2012 has committed £48 million in grants over our lifetime, of which we have paid out £42 million. Grantees have returned a total of £1.8 million in awarded funds to us as grants underspends. Any grants underspends are recycled through programmes as new grants. Over the year, Spirit of 2012 committed a total of £2.8 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 £25.1 million in match funding.

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IMPACT AND LEARNING

Spirit of 2012's purpose is to unlock a future where events and volunteering are a pathway to wellbeing for all people and their communities.

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.

In order to achieve our impact statement and strategic priorities, our corporate plan for 2021-22 organised our activities into four workstreams:

- (1) Events as a catalyst.
- (2) Approach over activity – by which we mean the need to identify and promote *approaches* to delivering participatory projects that increase wellbeing, inclusion and social connection rather than solely thinking about the activities themselves.
- (3) Inclusion for disabled and non-disabled people.
- (4) Volunteering and community voice.

Events as a catalyst

In 2021, we launched an Inquiry into the power of major events, due to run throughout 2022. Chaired by Sir Tom Hughes-Hallett, the inquiry is gathering evidence to enable a better understanding of the impact of events. Specifically, the Inquiry is exploring how events act as a catalyst to help increase:

- social, emotional and physical wellbeing;
- financial wellbeing and sustainable local economies;
- social connections between people of different backgrounds and between individuals and institutions.

It will use this evidence to develop workable ideas and recommendations to maximise the positive impacts that events can bring to individuals, communities and wider society. We launched the inquiry in November 2021 with a report entitled [How events can boost volunteering](#).

In December 2021 we launched a [toolkit and report](#), conducted by the Centre for Culture, Sport and Events, which supports community event organisers to better evaluate their impact. Commissioned jointly with the Local Trust, the resource has been distributed widely across our networks and can be used by low-capacity organisations to better understand the role events play in the social change they want to see in their community.

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At a policy level, we have been actively engaged with officials from the Department for Digital, Culture Media and Sport (DCMS) throughout the year as well as submitting written evidence to the DCMS select committee inquiries into major events, and cultural placemaking and the levelling up agenda.

Our Chief Executive, Ruth Hollis, also gave oral evidence to the major events inquiry, which published its [report](#) in March 2022. We have endorsed many of its recommendations, including the need to think more strategically about the 'golden thread' running between major events in the UK.

All of our grants to both major and community events report on social impact over the long-term for people and their communities. Examples include:

- Our continued investments in the volunteer programme that began life with Hull City of Culture, which has successfully recruited new volunteers this year. The programme has found a new home with HEY Volunteers and the support of Hull City Council.
- Coventry City of Culture's Caring City programme, which has worked with communities at risk of marginalisation through partner organisations such as Positive Youth Foundation and Coventry Migrant and Refugee Centre to co-produce content for the City of Culture year. The full evaluation for City of Culture will appear in 2022-23, but current data shows that the team have been successful at increasing cultural participation, wellbeing and community engagement.

Approach over activity

There is a well-established and growing body of evidence showing that participation in physical activity, arts and culture and volunteering can increase wellbeing. We have continued to add to this evidence through collecting data on subjective wellbeing from our grantees, and also commissioning and collating learning about *how* participatory projects can recruit and deliver activities to best improve the chances of increasing wellbeing.

Our grant funding reached an estimated 2.5 million participants across events, and a further 15,000 took part in regular activity.¹

In May 2021, our evaluation partner, Renaisi, validated the wellbeing data from our projects² to produce aggregated totals, showing the average increase in wellbeing across our projects.

The data shows the change in the portion of participants that report a positive wellbeing score between baseline and endline of their project. For example, a project may begin with 50% of participants having a positive wellbeing score (7 out of 10 or higher for life satisfaction, life

¹ Calculations based on totals given in monitoring reports from projects that were live in 2021-22 financial year.

² They looked at all baseline and endline wellbeing data submitted by projects, and did some high level quality assurance. Any data were collected during the pandemic is not included in this analysis as it would not be comparable to the existing data. Furthermore, due to the difference in numbers of responses between baseline and endline data, this analysis only includes projects where this difference is no larger than 30%. The data is also weighted to give more account to projects with a higher number of participants.

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worthwhile, happiness, and 3 or below out of 10 for anxiety). If, at the end, 64% of participants report a positive wellbeing score, we would report this as an increase of 14% for that project.

Change from Baseline to Endline Weighted by (N)	Life satisfaction	Life worthwhile	Happiness	Anxiety
Average %	14%	9%	11%	13%
Project count	19	16	17	7
(N) of number individual responses	3,102	1,226	2,733	532

Over the past two years, data collection has been challenging, and our volume of quantitative wellbeing data has not increased at the rate we would have expected prior to the pandemic. Nonetheless, we can confidently add to the growing consensus about the role of participatory activities in improving wellbeing.

Our focus is on:

- identifying and addressing barriers to participation, which have included people with low levels of physical activity, cultural participation and volunteering.
- identifying the approaches or design principles that lead to increases in wellbeing.

Two examples are given below.

Carers' Music Fund, 10 grants: Our programme of ten grant-funded projects focused on women with caring responsibilities, concluded in June 2021. It was highly successful at reaching its intended cohort. Of the women who took part, 34% were full-time carers, 35% identified as disabled and 54% had never received support as a carer before. Their wellbeing was significantly below national average – life satisfaction at the start was 6.2 compared to a national average of 7.3.

Wellbeing, particularly life satisfaction, increased across the programme, as shown in the table below. The evaluation sets out a number of possible reasons for these changes, alongside a theory of change.

Wellbeing measure	Carers' Music Fund		
	Baseline average	End of cohort average	Average change
Life satisfaction	6.3	7.2	+0.9
Feeling worthwhile	6.7	7.4	+0.5
Happiness	6.1	6.9	+0.8
Anxiety*	5.4	4.8	-0.6

EmpowHER, UK Youth: Of the girls and young women who took part in this three-year social-action programme, funded jointly between Spirit of 2012 and the #iwill Fund, 83% came to the programme with at least one personal barrier. The proportion of girls with poor mental health

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engaging in the programme was 42%. Meanwhile, 11% of the young women and girls had Behavioural, Emotional and Social Difficulties (BESD), 10% had Special Educational Needs and Disabilities (SEND) and 4% identified as having a physical disability.

At the end of the programme, which was completed by 1,880 girls, average wellbeing had improved across all four domains measured by the ONS subjective wellbeing scale, with 64% of girls seeing improvements in their wellbeing during the programme. The effect was three times as strong for those who began the programme with poor wellbeing.

We have taken a number of actions to increase our impact in this area beyond the grants themselves including:

- Continued work with the National Academy for Social Prescribing and NAVCA, working towards a quality mark for community projects seeking to secure participants through social prescribing.
- Hosted a Carers' Music Fund Summit (June 2021) to disseminate the Carers' Music Fund evaluation and learning, and share effective approaches in delivering participatory music projects for people with caring responsibilities. The summit was delivered in partnership with Apteligen, the What Works Centre for Wellbeing and Carers UK, and featured keynotes from Baroness Baron and Sir Gus O'Donnell.
- The collation of learning on reducing physical inactivity, identifying eight principles and ten recommendations to improve practice. ([Published in May 2022](#)).
- Active engagement with policy work in this area, including contributions to the All-Party Parliamentary Group (APPG) on Loneliness.

Inclusion for disabled and non-disabled people

Creating opportunities for disabled and non-disabled people to participate together as equals is a central tenet of Spirit of 2012 grant funding and research. Our Theory of Change identifies inclusive participation as an essential steppingstone towards changing perceptions, including self-perceptions, of disability.

Of the 21,550 participants who provided demographic information, 20% of participants identified as disabled. Whilst this is in-line with national averages, we hear consistently from project teams that this is likely to be an underestimate of the number of disabled people on projects as many individuals choose not to disclose a disability or impairment at registration stage which they later share.

There is also substantial variation between projects here. In a number of projects, 75% or more participants identify as disabled, for example our grant to Canolfan Gerdd William Mathias, which reaches beneficiaries with long term health conditions and poor mental health through a partnership with Gwynedd County Council Social Services (87% of participants identify as disabled people).

We have some grants where the proportion of people that are disabled is below the national average and Grant and Learning Managers can use this monitoring data to discuss the reasons for

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this with funded projects, exploring whether further steps can and should be taken to increase participation.

COVID-19 has continued to cause challenges to this priority. As many activities have returned to in-person rather than virtual delivery, they have seen that disabled people are more reluctant to return. Whilst continued hybrid and virtual delivery allows disabled people to participate safely and in comfort, it risks creating a two-tier experience, reducing opportunities for disabled and non-disabled people to mix. We will continue to solicit feedback from our grantees and share learning about how they are overcoming these challenges.

Whilst we look to identify patterns across physical activity, arts, and volunteering, we believe it is also important to look at what each of those three sectors can do individually to promote genuine inclusion.

In **physical activity**, *Get Out Get Active (GOGA)*, led by Activity Alliance, continues to achieve significant impact in promoting the concept of active together – providing opportunities for disabled and non-disabled people to all take part in the same activity, as equals. The second phase of the programme has so far reached over 3,700 people, with 47% being in the least active groups. Thus far, participants are doing an average of 18.4 minutes more activity a week. Over 90% agree that they are being listened to about their needs, and that they feel welcome at the activities.

Physical activity grants to Access Sport for *Flyerz* and Laureus for *City to Sea* came to an end in 2021-22. Both had success promoting inclusive models of physical activity delivery in hockey and surfing respectively, with an emphasis on young people and their families.

There are now more than fifty clubs in England that are running Flyerz sections, training club staff and volunteers alike to be confident in running integrated sessions for young disabled people, their families and friends. As one Club Manager explained: "I take a lot of pride in being in this section and having such a big impact and being involved in setting up and seeing people developing, achieving stuff and I'm keen that more people could benefit from it. I think it's great for the sport and for the club."

City to Sea had more than 700 young people, 40% of whom were disabled, take part in a 6-week surf therapy course, with improvements in their wellbeing, social connection and self-esteem, as one participant described: "I feel that all my worries disappear when I'm on my bodyboard. It is the place I feel most relaxed."

All of these projects were hit hard by COVID-19, both due to legal restrictions, and due to the high numbers of participants who were shielding and still anxious about returning to in-person activity once restrictions had ended. All organisations thought creatively about how to maintain engagement and think through alternative ways for participants to get involved.

In **arts and culture**, we commissioned our external evaluator, Renaisi, to produce a learning report summarising six years of funding inclusive arts projects. Their findings, shared at a sense-making workshop with grantees past and present in autumn 2021, emphasised the importance of two key themes:

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(1) Promoting equality between disabled and non-disabled people by taking a person-centred approach and not making assumptions about what participants can achieve based on disabilities and/or health conditions.

(2) Ensuring that staff and volunteers have received adequate training in delivering inclusive practice.

We have continued last year's focus on music with our four Music Challenge Fund projects reaching the last year of delivery. Highlights include: working with new groups of young people, including those leaving the care system, asylum seekers and those in contact with the criminal justice system, and deepening links with local health and social care partners, resulting in opportunities for a sustainable funding model for some projects.

We expect significant impact from our investments in the Birmingham 2022 Cultural Programme, where our focus across grant awards has been inclusion. All of these grants have been delivering in 2021-22, with impact data to follow in 2022-23.

In **volunteering**, we have awarded four new grants in this area in 2021-22. Details are given in the Achievements & Performance section.

Across all sectors, we are increasingly providing an additional 20% in grant funding for participatory projects to consider and remove barriers to access. We have seen this model work successfully across projects such as the Carers' Music Fund and EmpowHER (delivered by UK Youth) and are advocating for more funders to adopt it as standard.

Inclusion will be a major feature of our policy and influencing work in 2022-23.

Volunteering and community voice

More than 49,300 people have volunteered as part of Spirit of 2012 grant funded projects since we launched in 2013.

Volunteering and social action grants to UK Youth (EmpowHER) and One Million Mentors closed in 2021. Our four-year grant funding relationship with One Million Mentors saw us support more than 2,500 mentoring relationships. The project successfully transitioned their model from face-to-face to online, and then onto hybrid relationships.

The second of our three-year grants to Springboard for *14-NOW* also came to an end in early 2022. *14-NOW* gave three communities in Northern Ireland – Creggan, Monkstown and Limavady – funding to create projects in response to local need. More than 11,000 people took part in the activities, which ranged from support for young people outside mainstream school, to physical an activity project for people with long term health conditions, to a Halloween lantern parade. Headlines from the impact report included:

- 97% said they would be more likely to support their community in the future.
- 72% said they felt like the project had given them a voice in their community.
- 96% of participants in the third year said their self-esteem and confidence had increased.

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14-NOW provides a model for how to involve community members in deciding the activities that would most benefit their fellow residents. Several of the projects have received further funding from other sources, in part using the impact data collected through this evaluation. However, the funding environment along with the political context is particularly challenging in Northern Ireland following Brexit, and this could affect how sustainable these outcomes are.

We have been actively involved in projects seeking to capitalise on the surge in volunteering witnessed during the height of the COVID-19 pandemic. We were one of four 'community partners' on the research led by Belong into how the pandemic was impacting on social connection, supporting them to identify focus group participants and survey respondents with experience of volunteering. We then awarded a further grant to them to explore the idea of how we can best promote 'radical kindness'. Resources can be found [here](#).

We do know, however, that our grant funded projects that seek to build connections between people from different backgrounds have experienced particular difficulties during the COVID-19 pandemic. Building bridging capital is difficult anyway, but these difficulties increase with projects attempting to deliver virtually or persuade people back into face-to-face activity with new people after time away. There is, of course, power in understanding where projects have experienced challenges as well as championing successes, and we will continue to create and contribute to safe environments for sharing this learning between grantees and within the wider social connection community.

A development grant to /Together for the 2021 'Thank You Day' saw more than 2 million people take part, with 88% talking to someone from a different background and 62% saying it made them feel more united. Our Chair and Chief Executive continue to be involved in the /Together coalition as a member of the /Together Steering Group and a member of the Thank You Day Steering group respectively.

In March 2022, the What Works Centre for Wellbeing published the results of *Different People, Same Place*, research funded by Spirit of 2012 and the Centre for Aging Better, about the relationship between individual and community wellbeing. The findings, which proposed a new model of connecting individual and community wellbeing, can be found [here](#).

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FINANCIAL REVIEW

Income generation

During the year, Spirit was awarded a £0.5 million from the #iWill Fund initiative which is funded by the National Lottery Community Fund and DCMS. This was match funding towards the Inspire 2022 programme for support for young people taking part in the programme in England. Total income is shown in the Statement of Financial Activities at £583,759 (2021: £1,243,679) including investment income.

Grant expenditure

Grants committed were slightly lower in the year at £2,794,853 (2021: £3,062,053) across the three Spirit portfolios: Active, Connected and Creative, as well as the Incubation Fund. This year the awards were concentrated in the Connected portfolio, compared to the Creative stream in 2021. The largest elements of this grant-making are £1.7 million to UK Youth for the Inspire 2022 programme and a further £0.5 million to UK Youth for an extension to the EmpowHER programme. All of our grants are multi year awards apart from some of the smaller Incubation grants.

Other costs

Other direct charitable expenditure costs relating to grant management and learning support were higher this year at £691,541 (2021: £594,573). This includes Monitoring and Evaluation (M&E) costs which rose this year due to the launch of the Inquiry and related dissemination work. Also we invested further in the Thrive programme in Scotland as it extends into workforce development and extending the reach of the platform. Communications costs also increased as we invested in a new and improved website to ensure that all of our learning and insights are accessible and searchable on the web. Support costs also increased to £346,586 (2021: £316,941) due to inflationary increases, the reintroduction of a Board Residential, investment in staff training and development and a slightly higher head count to cover parental leave in the year. Our investment manager costs reduced dramatically as our remaining investments were sold, as detailed below. Total expenditure is shown in the Statement of Financial Activities at £3,843,507 (2021: £4,015,954).

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 annually 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.

During the year, and in line with the divestment plan set out in 2020-21, the remaining investment portfolios were sold in February 2022. Spirit is now cash based to meet its future commitments

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and holds all funds in bank accounts.

We have recently set up a cash management platform to ensure that some income is generated from term-based deposits as well as instant access accounts whilst retaining the security required to meet commitments and in line with the institutional ratings agreed in our Investment Policy.

Reserves policy

In 2013 Spirit of 2012 was granted a spend-out endowment by the National Lottery Community Fund (the then 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 managing detailed plans to spend out and close the organisation by the 2026. During 2020-21 the Board agreed an updated investment policy which changed the focus to capital preservation, over maximising returns, to reflect this phase of Spirit's life and the need to have certainty of income in order to commit the remainder of the endowment funds.

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. As a result 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. Further detailed financial plans were drafted in 2021-22 to ensure that sufficient funds are available to run the organisation to its intended end of life whilst meeting all of its grant commitments. These plans will be updated on a rolling basis and a sufficient, but not excessive, buffer maintained to ensure operational expenses are covered. At Committee level these plans will be overseen by the Finance, Investment and Resources Committee, reporting to the full Board.

At the start of this period Spirit of 2012 held total funds of £9,108,265 and at 31 March 2022 these had reduced to £5,998,744, after accounting for all current grant commitments. These funds include £6,453 (2021: £118,594) of restricted funds as detailed in note 18 of the Financial Statements.

The remaining funds of £5,992,291 (2021: £8,989,671) 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, £1,252,271 (2021: £2,162,068) is unrestricted and the remainder of £4,740,020 (2021: £6,827,603) is the Endowment Fund.

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 in 2019, the Founder granted Spirit a Supplemental Deed to extend its life a further five years to 2028. In 2020 the Board set a firm intention to commit the bulk of our existing endowment by the end of 2022 and spend out by 2026. Delays in our funded projects and allocating grant funding because of the pandemic mean that this deadline, to commit our remaining multi-year grant funds, has moved back to March 2023. We remain on track to spend the endowment and close by 2026 and we, as the Board and Executive, are turning our minds to what spend out means both in terms of delivering the mission and managing the staff and organisation through this process.

In the short term, we are focussing on the opportunities that the year of events in 2022 affords us. Not only is it the 10th anniversary of the London Olympic and Paralympic Games, the genesis of Spirit as an organisation, but 2022 sees the Commonwealth Games in Birmingham, Her Majesty the Queen's Platinum Jubilee, the Women's Euros, the culmination of the delayed Coventry 2021 City of Culture and Unboxed. The Critical Mass inclusive mass dance cast will be an integral part of the Birmingham Commonwealth Games Cultural Festival and Inspire 2022, our multi-year funding partnership programme, with the Local Trust, #iwill fund and delivered by UK Youth, will leverage opportunities from the 2022 series of events for young people by supporting them to develop and deliver events for their communities. Both these initiatives are rooted in the learning we have generated from our previous eight years of grant funded projects.

We will be using this year to disseminate learning on events, both from Spirit and partner organisations, since the London 2012 Games and continue to make the case for legacy as a serious long-term endeavour that must be specifically planned for and funded.

Volunteering remains one of the most tangible social legacies from major events and has a huge potential to directly benefit communities across the UK. In July we will award three grants to places that expressed an interest in the 2025 City of Culture competition, to develop their volunteering response building on the learning and insight from Derry/Londonderry through Spirit's previous major investments in Hull 2017 and Coventry 2021. We will also be working with teams in Birmingham and Coventry on specific legacy projects stemming from the Commonwealth Games 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 together 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.

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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

For much of the year we will use the opportunity of the events in 2022 to talk about *Events as a catalyst*, culminating in the publication of the final Inquiry report and recommendations in November 2022. Throughout the year we will continue to work with NAVCA and NASP to capture and codify evidence on successful approaches to using activities to build into the developing infrastructure around social prescribing. In the autumn we will also have a particular focus on *Inclusion*, drawing together Spirit's evidence on ensuring that disabled and non-disabled people can participate together as equals, and that events-inspired projects actively work to break down the barriers for those that might be the furthest from participation.

Finally, 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure

Spirit of 2012 is a charitable trust, registered on 20 December 2013 (charity number 1155110) and 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.

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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."*

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 either virtually via Zoom, face-to-face or as a hybrid meeting.

In October 2019, Jane, Lady Gibson was appointed as Chair, unanimously, by the Board. Her appointment was re-confirmed by the Board in October 2021, and in 2021 the Board undertook a Chair's appraisal led by Graham Loader as Chair of Audit and Risk Committee. In November/December 2021 the Board undertook an internal Board Effectiveness Review with a detailed survey and one-to-ones between each Director and the Chair. They intend to conduct the same process again in 2023.

The funding strategy was approved by Board in January 2021 covering the period to spend down by 2026 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 Board reviewed the intended funding allocations at its Board Residential in March 2022 to reflect changes both in the events landscape in the UK, building on the numerous large-scale events happening in 2022, and to reflect changes since the pandemic.

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.

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The Protector's Report can be found on pages 54-57.

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 for Spirit of 2012 reported on investment performance to this Committee each quarter until the sale of the final portfolio of investments.

Policy, Impact & Influencing Committee

Chair – Bill Morris, LVO

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 and reports from our external evaluation contract holder Renaisi. In addition to Spirit of 2012 Directors, two external members bring their expertise to PII: Phil Batty and Mark Robinson. In July 2021 Bill Morris LVO, formerly an external advisor to PII, was appointed as a Director of Spirit of 2012 and took on the Chair of this Committee from Jane, Lady Gibson.

The Chair of the Board of Spirit of 2012, Jane, Lady Gibson, also attends at least one meeting of each Committee each year.

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 three-year terms. Spirit of 2012 recruits Directors through open recruitment campaigns wherever possible, with vacant posts advertised on its

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website and through agencies. No Directors stood down in this period. In October 2020, the Board decided to recruit new Directors from the alumnae of the Youth Advisory Panel (YAP) to ensure greater youth representation on the Board. In January 2021 the Board agreed to three appointments following a competitive process open to all former members of Spirit's Youth Advisory Panel, and in April 2021 Kirsty Ewen, Bethany Steventon-Crinks and Hayley Bennett joined the Board as Directors. All three successfully completed their first year as Directors and were appointed for a further three-year term in January 2022. In July 2021 Directors agreed to the appointment of Bill Morris LVO to the Board. Bill has been a long-standing member of the PII Committee and it was felt that his connection to the London 2012 Games and existing relationship with major event franchise holders in the UK and internationally brought unique skills and expertise that were not available to the Board through other means.

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.

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Board and Committee Meeting membership and attendance

Board member	Appointment / Resignation Date	Board and Committee Attendance			
		Board	FI&R	A&R	PII
Sana Amin	Resigned 21 April 2021	1 / 1			
Hayley Bennett		5 / 5	3 / 4		
James Dacre		4 / 5	2 / 4		
Kirsty Ewen		5 / 5		2 / 2	
Jane, Lady Gibson		5 / 5	2 / 2	1 / 1	2 / 3
Kieran Harding		3 / 5			3 / 3
Raj Jethwa		4 / 5		2 / 2	
Graham Loader		4 / 5	2 / 4	2 / 2	
Bill Morris	Appointed 6 October 2021	2 / 3			1 / 1
Susie Rodgers		4 / 5			
Bethany Steventon-Crinks		4 / 5		1 / 2	
Oksana Yesina		3 / 5	4 / 4		

During 2021-22 there were five Board meetings, as what would usually be the April Board meeting was held on 30 March 2022 to coincide with a two-day Board Residential. It is therefore counted in this report.

In addition to the formal Committees listed above, Director Susie Rodgers chairs an informal Spirit of Achievement Panel including external experts, which focusses on increasing the inclusivity and diversity of Spirit's beneficiaries. The Panel last met in August 2020 to review the outcome of the West Midlands Challenge Fund. The Spirit of 2012 Youth Advisory Panel (YAP) has been superseded by the appointment of three young Board Members to bring youth focussed experience to the Board itself.

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.

Management

The Senior Management Team is led by Ruth Hollis, Chief Executive, with Jane Duncan, Head of

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Finance and Operations and Amy Finch, Head of Policy and Impact.³ Spirit of 2012 has ten permanent members of staff and one on a fixed-term appointment. From October 2021 the team was split into two smaller teams covering Policy and Influencing and Programmes and Operations.

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 asks 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.

Positive Dynamics provide coaching services to individual staff members and the Spirit team as a whole to assist with development of key skills and team working dynamics.

Equality, Diversity and Inclusion

Spirit takes its responsibilities around Equality, Diversity and Inclusion (EDI), both through grant-funded programmes, and in respect of the staff team and Board, very seriously. In 2020-21 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. The current version of this plan was reviewed and approved by the Board in March 2022, and they have committed to all staff and Directors undertaking EDI training, which, for longer standing staff and Directors, will be refresher training, in 2022-23.

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, allocating 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 Salary Review process and policy was reviewed by the Finance, Investment and Resources Committee in December 2021 and recommended to, and approved by, the Board with no changes in a closed session in January 2022.

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 meeting. This

³ Amy Finch was on maternity leave from 8 March 2021 to 20 September 2021 during which time this post was jointly covered by Alex Johnston and Eibhlish Fleming.

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considers relevant RPI and CPI indices and wages inflation (in July of each year) and other benchmarking information. This year they approved an award of 2.5%.

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.

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 2021, 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.

In November 2021 the Board undertook a detailed review of the risks facing the organisation, reflecting the risk environment as we move out of the pandemic and including risks around inflationary and cost of living pressures and moving into Spirit's spend down period. A substantially revised Risk Register was approved by Audit and Risk Committee in December 2021 and the Board in January 2022.

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

Principal risks and impact on future activities

Not surprisingly, the most significant risks over the period still reflected the on-going impacts of the COVID-19 pandemic on Spirit as an organisation, our staff and Board and our partners and grantholders, including:

- ✚ negative impacts on the investment portfolio;
- ✚ negative impacts on project delivery because of suspension of face-to-face activities or slow transition back to face-to-face activities to comply with Government 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. In January 2021 the Board approved a limited grant pot of up to £100,000 (up to £2,000 per grantee organisation) to support wellbeing-related activities for their staff and contractors (see page 5: Achievements and Performance).

The majority of the risks concerning our grantees have been mitigated through regular discussion and the continued availability of support from government funding, for example the Cultural Recovery Fund. To date none of our grantees has had to close, though a few projects did have to suspend or delay starting activities due to continued restrictions in place. The majority continued to operate with an online or blended delivery plan until the restrictions were lifted. Many, especially those working with disabled people and vulnerable people, have continued with some online activity to make it easier for people to take part even as restrictions were lifted. We thank our grantees for all their innovation, flexibility, creativity and resilience over the past year.

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 Finance and Operations maintains a dedicated risk register for project-related risks, escalating specific risks to the main risk register as required. By the end of the year there were no significant project risks, although during the year risks did arise including paused and delayed delivery of activities. Staff managed the majority of 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. In January 2022 the Board took the decision to withdraw the grant from Black Country Together for the Sparks project, see page 6 for more details.

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.

The risk register includes macroeconomic factors like inflation, interest rates, the impact of leaving the EU and changes in legislation – some of these risks, particularly around inflation, cost of living

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and energy prices have increased in the last year. Whilst we recognise that Spirit cannot control external environmental risks like these, the main risk register does include and list mitigations and contingencies for risks and issues arising from these 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. In December 2021 the Business Continuity Plan was revised to include further risks from the pandemic and emerging risks around the potential loss of business systems or data due to cyber-attacks.

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. The grant application process includes questions on safeguarding and 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. 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 2021-22.

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.

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; and

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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 (see page 11).

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. 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 and as we come out of 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 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 has been managed by Barclays Wealth, under the direction of the Finance, Investment & Resources Committee (FI&R). This year has seen further volatility across the markets and these market changes are monitored and discussed regularly between the FI&R Committee and the Investment Managers. The final portfolio of investments was sold in February 2022 which crystallised the gains and losses made on these final investments. Spirit is now a cash-based organisation with balances held in deposit and instant access accounts at highly rated institutions. We are currently setting up a cash management platform to ensure that capital is preserved to meet commitments whilst obtaining some interest income on what is still a substantial amount of money.

The FI&R Committee continues to operate within the Investment Policy that was most recently

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reviewed and endorsed by the Board in March 2022. This review of the policy reflected the shift away from investments to cash and how it would be managed going forward. The policy provided Barclays Wealth with an investment strategy framework whilst Spirit held the investment portfolios. The Policy also 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 final sale of the remaining investment portfolios in 2021-22, Spirit of 2012 had sufficient cash funds to meet our commitments for the year and did not need to make smaller drawdowns from the remainder of the investment portfolio. The portfolio retained a medium to low-risk spread until the final sale in February 2022. Regular contact between the FI&R Committee Chair, the Head of Finance & Operations and Barclays Wealth supported this pragmatic and vigilant approach. Now that there are no longer any investments to be managed Barclays Wealth have ceased to be involved in regular meetings and discussions around the Investment and Cash Management of the organisation. This has brought to the end a long and productive relationship that has seen Spirit make overall net gains of £6.4 million on its portfolios of investments, since inception.

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.

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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.

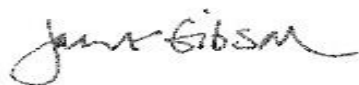
The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of Spirit of 2012 and to enable it to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations 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 re-appointed in 2022. 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 OBE

Chair

13 July 2022

Spirit of 2012

Statement on the System of Internal Controls

For the Year Ended 31 March 2022

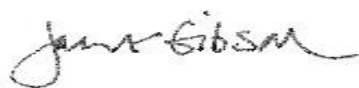
We acknowledge our responsibility for ensuring that an effective system of internal controls is maintained and operated by Spirit of 2012 which supports the achievement of Spirit of 2012's objectives whilst ensuring compliance with the requirements of Spirit of 2012's governing documents.

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 OBE

Chair

13 July 2022



Ruth Hollis

Chief Executive

13 July 2022

Spirit of 2012

Auditor's Report

For the Year Ended 31 March 2022

Opinion

We have audited the financial statements of Spirit of 2012 (the 'charity') for the year ended 31 March 2022 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 2022 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 2022

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

Spirit of 2012

Auditor's Report

For the Year Ended 31 March 2022

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 2022

- 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 [Auditors' Responsibilities](#). 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.



Buzzacott LLP

Statutory Auditor

130 Wood Street

London

EC2V 6DL

17 August 2022

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 2022

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2022 £	Total Funds 2021 £
INCOME						
Charitable Activities						
Grants	2	-	496,535	-	496,535	1,027,171
Investment Income	3	87,224	-	-	87,224	216,508
Total Income		87,224	496,535	-	583,759	1,243,679
EXPENDITURE						
Raising Funds						
Investment Management Costs		-	-	10,527	10,527	42,387
Charitable Activities						
Active		73,160	14,621	-	87,781	165,586
Connected		1,992,086	1,739,816	-	3,731,902	179,695
Creative		(6)	(148,740)	-	(148,746)	3,534,987
Incubation		162,043	-	-	162,043	93,299
Total Expenditure	4-9	2,227,283	1,605,697	10,527	3,843,507	4,015,954
Net Gains on Investments		-	-	150,227	150,227	1,323,293
Net (Expenditure)/Income		(2,140,059)	(1,109,162)	139,700	(3,109,521)	(1,448,982)
Transfers Between Funds	17	1,230,262	997,021	(2,227,283)	-	-
Net Movement in Funds		(909,797)	(112,141)	(2,087,583)	(3,109,521)	(1,448,982)
Total Funds Brought Forward at 1 April 2021	17	2,162,068	118,594	6,827,603	9,108,265	10,557,247
Total Funds Carried Forward at 31 March 2022	17	1,252,271	6,453	4,740,020	5,998,744	9,108,265

All income and expenditure is derived from continuing activities

Spirit of 2012

Balance Sheet

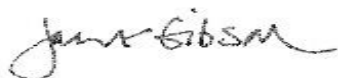
As at 31 March 2022

		2022		2021	
		£	£	£	£
	Notes				
Fixed assets					
Tangible assets	11	16,288		12,162	
Investments	12	-		7,679,575	
			16,288		7,691,737
Current assets					
Debtors	14	203,134		57,310	
Investments: Short term deposits	13	-		125,249	
Cash at bank and in hand		11,104,658		8,107,612	
		11,307,792		8,290,171	
Creditors : Amounts falling due within one year	15	4,098,495		4,545,635	
Net current assets			7,209,297		3,744,536
Total assets less current liabilities			7,225,585		11,436,273
Creditors : Amounts falling due after more than one year	16		(1,226,841)		(2,328,008)
Net assets			5,998,744		9,108,265
Represented by					
Endowment Funds	19		4,740,020		6,827,603
Restricted Income Funds	18		6,453		118,594
Unrestricted Funds	17		1,252,271		2,162,068
Total Charity funds	20		5,998,744		9,108,265

The notes on pages 38 to 53 form part of these accounts

Approved by the Corporate Trustee, Spirit of 2012 Trustee Limited, on 13 July 2022

And signed on its behalf by



Jane, Lady Gibson OBE

Chair

Director of Spirit of 2012 Trustee Limited

Spirit of 2012

Statement of Cash Flows

For the Year Ended 31 March 2022

	2022 £	2021 £
Cash flows from operating activities		
Net cash used in operating activities	(5,034,742)	(3,665,781)
Cash flows from investing activities		
Income from investments	87,224	216,508
Purchase of fixed assets and equipment	(10,487)	(9,169)
Proceeds from sale of investments	8,066,046	7,265,927
Purchase of investments	(236,000)	(3,031,188)
Net cash provided by investing activities	<u>7,906,783</u>	<u>4,442,078</u>
Cash flows from financing activities		
Net decrease in funds on deposit	<u>125,005</u>	<u>463,166</u>
Net movement in cash and cash equivalents in the year	<u>2,997,046</u>	<u>1,239,463</u>
Cash and cash equivalents at 1 April 2021	8,107,612	6,868,149
Cash and cash equivalents at 31 March 2022	<u>11,104,658</u>	<u>8,107,612</u>

Reconciliation of net expenditure to net cash used in operating activities

	2022 £	2021 £
Net expenditure for the year (as per the Statement of Financial Activities)	(3,109,521)	(1,448,982)
Adjustments for:		
Depreciation	6,361	6,146
Gains on investments	(150,227)	(1,323,293)
Income from investments	(87,224)	(216,508)
(Increase)/Decrease in debtors	(145,824)	216,516
Decrease in creditors	(1,548,307)	(899,660)
Net cash used in operating activities	<u>(5,034,742)</u>	<u>(3,665,781)</u>

Analysis of Changes in Net Debt

	1 Apr 2021 £	Cash flows £	31 Mar 2022 £
Cash and Cash equivalents			
Cash at bank and in hand	7,900,005	3,197,985	11,097,990
Cash held by investment managers	207,607	(200,939)	6,668
	<u>8,107,612</u>	<u>2,997,046</u>	<u>11,104,658</u>

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 trading conditions 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.

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2022

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.

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2022

2 Grant Income

During the year the following funds were receivable:

	2022	2021
	£	£
Restricted Funds		
Scottish Government - Thrive rollout programme	-	50,000
NLCF Lottery - #iWill campaign	500,000	-
DCMS - Tampon Tax Fund	(3,465)	952,171
Local Trust - Community Events	-	25,000
	<u>496,535</u>	<u>1,027,171</u>

The grant receivable in the year from the #iWill campaign is match funding for the Inspire 2022 Programme which was launched during the year. This grant is receivable in two tranches with £350,000 received in 2021-22 and £150,000 due in the 2022-23 financial year. The negative grant of £3,465 is funds returned to DCMS following an underspend on one of the Carers' Music Fund projects which completed during 2021-22.

3 Investment Income

	2022	2021
	£	£
Unrestricted Funds		
Income from listed investments	85,882	205,450
Bank interest receivable	1,342	11,058
	<u>87,224</u>	<u>216,508</u>

Income from listed investments can be analysed as follows:

Fixed Interest	34,415	79,341
Equities	14,376	56,723
Alternative investments	37,091	69,386
	<u>85,882</u>	<u>205,450</u>

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2022

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.

	2022		2021	
	£	£	£	£
Grants awarded (see note 6)		2,794,853		3,062,053
Other Direct Charitable Expenditure				
Programme Development - Staff Costs	354,114		328,136	
Programme Development - Other	162,528		147,820	
Communications and Large Event Costs	38,117		19,493	
Monitoring & Evaluation	136,782		99,124	
		<u>691,541</u>		<u>594,573</u>
Direct Charitable Expenditure		<u>3,486,394</u>		<u>3,656,626</u>
Support Costs				
Governance costs	31,505		22,728	
Core Staff Costs	236,076		218,758	
Recruitment Costs	-		850	
Consultancy	9,535		14,686	
Premises Costs	22,513		25,041	
Operational Costs	46,957		34,878	
		<u>346,586</u>		<u>316,941</u>
Total Expenditure on Charitable Activities		<u>3,832,980</u>		<u>3,973,567</u>
Expenditure on Raising Funds				
Investment Managers Costs	10,527		42,387	
		<u>10,527</u>		<u>42,387</u>
		<u>3,843,507</u>		<u>4,015,954</u>
Split:				
Unrestricted funds		2,227,283		3,495,018
Restricted funds		1,605,697		478,549
Endowment Funds		10,527		42,387
		<u>3,843,507</u>		<u>4,015,954</u>

5 Analysis of costs split by Charitable Activity

Unrestricted Funds

2022	Active £	Connected £	Creative £	Incubation £	Total £
Grants awarded Other Direct Charitable	54,114	1,069,642	(6)	119,858	1,243,608
Expenditure	12,335	597,432	-	27,322	637,089
Support Costs	6,711	325,012	-	14,863	346,586
	73,160	1,992,086	(6)	162,043	2,227,283
2021	Active £	Connected £	Creative £	Incubation £	Total £
Grants awarded Other Direct Charitable	46,350	9,096	2,826,074	35,000	2,916,520
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

Restricted Funds

2022	Active £	Connected £	Creative £	Incubation £	Total £
Grants awarded Other Direct Charitable	-	1,699,985	(148,740)	-	1,551,245
Expenditure	14,621	39,831	-	-	54,452
Support Costs	-	-	-	-	-
	14,621	1,739,816	(148,740)	-	1,605,697
2021	Active £	Connected £	Creative £	Incubation £	Total £
Grants awarded Other Direct Charitable	(3)	47,517	54,472	43,547	145,533
Expenditure	110,534	112,448	110,034	-	333,016
Support Costs	-	-	-	-	-
	110,531	159,965	164,506	43,547	478,549

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.

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2022

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	2022	2021	2022		2021	
	No.	No.	£	£	£	£
<u>Changing Lives through Sport and Physical Activity Fund</u>						
* Netball Scotland	-	-	-		(3)	
	-	-	-		(3)	
British Olympic Foundation	1	1	54,114		46,350	
	1	1	54,114		46,350	
Total Active	1	1		54,114		46,347
Connected						
* UK Youth	1	1	1,699,985		47,517	
UK Youth	1	-	500,000		-	
Together	1	-	50,000		-	
NAVCA	1	-	35,000		-	
The Diana Award	1	-	200,000		-	
Hull City Council	1	-	200,000		-	
British Future	1	-	46,207		-	
Grantee Wellbeing microgrants	24	6	38,435		9,096	
Total Connected	31	7		2,769,627		56,613
Creative						
Coventry City of Culture	-	1	-		1,000,000	
Birmingham Organising Committee for the Commonwealth Games 2022	1	1	133,360		1,000,000	
Whitley Bay Big Local	-	1	-		100,000	
More Music	-	1	-		130,000	
Black Country Together	-	1	(133,366)		200,000	
Caudwell Children	-	1	-		200,000	
Warwick Arts Centre	-	1	-		196,074	
	1	7	(6)		2,826,074	
Carried forward to next page	32	8		2,823,741		102,960

* - Restricted Funds

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2022

6 Grants Awarded (continued)

	2022 No.	2021 No.	2022 £	2021 £
Brought forward from previous page	32	8	2,823,741	102,960
Creative (continued)				
Brought forward from previous page	1	7	(6)	2,826,074
Carers' Music Fund				
* Barnardo's	-	-	(4,400)	-
* Blackpool Carers Centre	1	1	(15,371)	717
* Jack Drum Arts	1	1	(1,781)	29,112
* Midland Arts Centre	-	-	(10,883)	-
* My Pockets People	-	-	(23,400)	-
* Noise Solution	1	1	(39,278)	6,169
* Northamptonshire Carers	-	-	(28,803)	-
* Oh Yeah Music	-	-	(4,835)	-
* UK Youth	1	1	(19,989)	13,664
* Carers UK	1	1	-	4,810
	<u>-</u>	<u>5</u>	<u>(148,740)</u>	<u>54,472</u>
Total Creative	<u>1</u>	<u>12</u>	<u>(148,746)</u>	<u>2,880,546</u>
Incubation				
Volunteer Centre Dorset	1	-	30,000	-
Kim Donahue Associates	1	-	29,858	-
Swim England	1	-	60,000	-
COIN/Belong	-	1	-	35,000
* What Works Centre for Wellbeing	-	1	-	43,547
Total Incubation	<u>3</u>	<u>2</u>	<u>119,858</u>	<u>78,547</u>
Totals	<u><u>36</u></u>	<u><u>22</u></u>	<u><u>2,794,853</u></u>	<u><u>3,062,053</u></u>
Split:				
Unrestricted funds			1,243,608	2,916,520
Restricted funds (*)			1,551,245	145,533
			<u><u>2,794,853</u></u>	<u><u>3,062,053</u></u>

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2022

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.

2022	Grant commitments	New grant commitments	Grants paid	Grants closed / underspent	Grant commitments
	at 1 Apr 2021				at 31 Mar 2022
	£	£	£	£	£
Active	2,392,164	54,114	(997,418)	-	1,448,860
Connected	1,518,724	2,783,011	(1,788,437)	(13,384)	2,499,914
Creative	2,647,348	133,360	(1,280,969)	(282,106)	1,217,633
Incubation Fund	23,623	119,858	(51,783)	-	91,698
	6,581,859	3,090,343	(4,118,607)	(295,490)	5,258,105

2022	Grants Payable	Grants Payable	Grant commitments
	within one year	over one year	at 31 Mar 2022
	£	£	£
Active	888,706	560,154	1,448,860
Connected	1,949,158	550,756	2,499,914
Creative	1,137,502	80,131	1,217,633
Incubation Fund	55,898	35,800	91,698
	4,031,264	1,226,841	5,258,105

2021	Grant commitments	New grant commitments	Grants paid	Grants closed / underspent	Grant commitments
	at 1 Apr 2020				at 31 Mar 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	(64,925)	1	23,623
	7,663,880	3,062,056	(4,144,075)	(2)	6,581,859

2021	Grants Payable	Grants Payable	Grant commitments
	within one year	over one year	at 31 Mar 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

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

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2022

8 Staff Costs

	2022	2021
	£	£
Wages and salaries	489,779	455,372
Social security costs	48,387	44,746
Pension contributions	52,024	46,777
Total staff costs	590,190	546,895

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

	2022	2021
	No.	No.
£90,000 - £99,999	1	1
	<u>1</u>	<u>1</u>

The total amount of pension benefits for these higher paid employees was £9,458 (2021: £9,250)

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 Policy and Impact. Total remuneration (gross pay, employer pension contributions and national insurance) for key management personnel was £234,621 (2021: £235,636).

No Director of the corporate trustee received any remuneration during the year. 4 Directors received reimbursement of £2,128 of expenses incurred relating to Spirit activities during the year (2021: No Directors were reimbursed for travel, subsistence and accommodation due to all meetings being held online).

The average headcount number of employees analysed by function was:

	2022	2021
	No.	No.
Programme Staff	7.6	7.0
Management and Administration	3.8	4.0
	<u>11.4</u>	<u>11.0</u>

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2022

9 Net expenditure is stated after charging:

	2022	2021
	£	£
Auditors' remuneration for audit services (incl. VAT)	8,100	7,320
Investment Management Fees	10,527	42,387
Travel, subsistence and hospitality costs	5,632	(254)
Directors' Indemnity Insurance	1,383	1,342
Fees and expenses of the Protector	10,000	10,000
Operating lease costs (office rentals)	73,609	67,161

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 2022 £
All used for direct charitable purposes			
Cost			
At 1 April 2021	41,487	20,106	61,593
Additions	2,693	7,794	10,487
Disposals	(13,725)	(12,582)	(26,307)
At 31 March 2022	<u>30,455</u>	<u>15,318</u>	<u>45,773</u>
Depreciation			
At 1 April 2021	30,538	18,893	49,431
Charges for the year	5,512	849	6,361
Eliminated on disposals	(13,725)	(12,582)	(26,307)
At 31 March 2022	<u>22,325</u>	<u>7,160</u>	<u>29,485</u>
Net book value			
At 31 March 2022	<u>8,130</u>	<u>8,158</u>	<u>16,288</u>
At 31 March 2021	<u>10,949</u>	<u>1,213</u>	<u>12,162</u>

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2022

12 Investments

	2022		2021	
	Cost £	Market value £	Cost £	Market value £
Listed Investments				
Fixed Interest	-	-	2,656,426	2,668,637
Equities	-	-	1,886,185	2,203,576
Alternative investments	-	-	2,735,817	2,807,362
	<u>-</u>	<u>-</u>	<u>7,278,428</u>	<u>7,679,575</u>

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

	2022 £	2021 £
At 1 April 2021	7,679,575	10,609,535
Additions in the year	236,000	3,031,188
Disposals in the year	(8,066,046)	(7,265,927)
Realised net gains in the year	551,619	487,102
Unrealised net (losses)/gains in the year	(401,148)	817,677
Balance at 31 March 2022	<u>-</u>	<u>7,679,575</u>

Individual assets, and their market values at 31 March 2022, representing over 5% of the investment portfolio are as follows:

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

13 Investments: Short Term Deposits

	2022		2021	
	Cost £	Market value £	Cost £	Market value £
Short term investments	<u>-</u>	<u>-</u>	<u>124,598</u>	<u>125,249</u>
			2022 £	2021 £
At 1 April 2021			125,249	569,901
Additions in the year			-	-
Disposals in the year			(125,005)	(463,166)
Realised net (losses)/gains in the year			407	(15,529)
Unrealised net gains/(losses) in the year			(651)	34,043
Balance at 31 March 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,249</u>

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2022

14 Debtors

	2022 £	2021 £
Trade debtors	-	11,835
Other debtors	18,066	17,162
Prepayments	35,068	28,100
Accrued income	150,000	213
	203,134	57,310

15 Creditors - Amounts falling due within one year

	2022 £	2021 £
Trade creditors	45,007	268,786
Grants payable	4,031,264	4,253,851
Accruals	22,224	22,998
	4,098,495	4,545,635

16 Creditors - Amounts falling due after one year

	2022 £	2021 £
Grants payable	1,226,841	2,328,008

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 2021 £	Income £	Expenditure £	Investment Gains / Transfers £	At 31 March 2022 £
Endowment Funds	6,827,603	-	(10,527)	(2,077,056)	4,740,020
Restricted Funds	118,594	496,535	(1,605,697)	997,021	6,453
Unrestricted Funds	2,162,068	87,224	(2,227,283)	1,230,262	1,252,271
Total Funds	9,108,265	583,759	(3,843,507)	150,227	5,998,744

	At 1 April 2020 £	Income £	Expenditure £	Investment Losses / 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

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2022

18 Restricted Funds

	At 1 April 2021	Income	Expenditure	Transfers	At 31 March 2022
	£	£	£	£	£
EmpowHER project	29,816	-	(29,816)	-	-
Changing Lives Fund	14,621	-	(14,621)	-	-
Carers' Music Fund	67,704	(3,465)	148,740	(212,979)	-
Community & Individual Wellbeing	6,453	-	-	-	6,453
Inspire 2022	-	500,000	(1,710,000)	1,210,000	-
	118,594	496,535	(1,605,697)	997,021	6,453

During 2021-22 Spirit secured £500,000 in funding from the #iWill fund to support a new programme called Inspire 2022. Spirit is also contributing £1,210,000 towards the fund from its unrestricted funds. In November 2021 UK Youth was awarded a grant of £1.7m to deliver the programme over the next 3 years after an initial £10,000 development grant to develop and research their initial ideas. This programme seeks to engage young people across the UK in social action projects in their communities.

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. The project delivery completed successfully in 2021-22 and the programme has been extended further with a legacy extension. This additional funding has come directly from Spirit and is not a restricted fund. The transfer in the year covers the agreed management fee costs for the programme and is transferred to cover costs incurred by Spirit.

The Changing Lives programme completed delivery in early 2021-22. This was a programme jointly funded by Spirit, the Scottish Government and the Robertson Trust. The programme 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 was used to fund the Carers' Music Fund which delivered 10 projects across the UK for women with caring responsibilities. Spirit 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 finished this year and shows a transfer back to unrestricted funds of the underspent grants that Spirit had funded. The DCMS portion has been repaid to them.

Prior year comparative	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

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2022

19 Endowment Funds

At 1 April 2021	Realised Gains £	Unrealised Losses £	Converted to Income £	Investment Manager's Fees £	At 31 March 2022 £
6,827,603	552,026	(401,799)	(2,227,283)	(10,527)	4,740,020

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

Prior year comparative	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

20 Net assets by Fund

	Fixed Assets £	Net Current Assets / (Liabilities) £	Long term Creditors £	Net Assets £
2022				
Endowment Funds	-	4,740,020	-	4,740,020
Restricted Funds	-	317,048	(310,595)	6,453
Unrestricted Funds	16,288	2,152,229	(916,246)	1,252,271
Total Funds	16,288	7,209,297	(1,226,841)	5,998,744
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

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 2022

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 2022 the total future minimum lease payments under non-cancellable operating leases were as follows:

	Land and Buildings	
	2022	2021
	£	£
Payments due:		
Within one year	74,348	72,262
Between one and two years	61,957	72,262
Between two and five years	-	60,218
	136,305	204,742

24 Post Balance Sheet Events

There are no major events to note.

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 2022

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 National Lottery Community Fund (formerly the Big Lottery 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 2022

Administration of the Charity

The majority of board and committee meetings were again held remotely in the light of the ongoing impact of the COVID-19 coronavirus pandemic and the restrictions on face-to-face meetings. I attended by Zoom or in person, as applicable, all five Board meetings, the four meetings of the Finance, Investment and Resources Committee ("FIR"), and both meetings of the Audit and Risk Committee ("ARC"). I also attended one meeting of the Policy, Impact and Influencing Committee ("PII") and followed its deliberations through the year.

I corresponded with the Chief Executive in the lead up to each Board meeting, and with both the Chair and Chief Executive routinely as and when circumstances demanded, 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 closely scrutinise the Risk Register maintained by the Senior Management team. This included a full review and revision of the register in December 2021 to meet Spirit's updated requirements so as to ensure that identified risks are managed and, where possible, mitigated. It is further reassuring to note that the audit process has, as previously, gone smoothly and without incident – reflecting very well on the Spirit team.

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

With Spirit moving further into its spend out phase, the Board took the opportunity to research and refresh its core purpose as being: "To unlock a future where events and volunteering are a pathway to wellbeing for all people and their communities". Similarly, Spirit's mission was reset to reflect the updated focus and priority: "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". The Board, fully supported by the Executive team, has remained committed to that end despite the ongoing challenges presented by the coronavirus pandemic.

There is a clear determination, under the dedicated lead of Jane, Lady Gibson, to deliver Spirit's vision of Happier people, Happier Places and build sustainable social legacies from the inspiration of events. This was further evidenced by the decision to establish the Spirit of 2012 Inquiry on the Social Legacy of Events which is due to report later in 2022.

The scheduled retirement of Sana Amin as a Director on the completion of her term of office as the representative of the Youth Advisory Panel paved the way for Bill Morris to join the Board. His appointment has brought significant additional experience of major events and their impact to complement the overall broad blend of experience at both board and committee level. A comprehensive internal review of board effectiveness was carried out to ensure that the Board's approach and performance continued to meet expected standards.

Spirit of 2012

Report of the Protector

For the Year Ended 31 March 2022

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. This was complemented by the customary annual update by Barclays to the Board which continued to maintain proper financial oversight including review of investment performance.

In line with the approach previously approved, the balance of the investment portfolio was sold in February 2022 in order to provide certainty regarding the funds available to meet projected commitments for the remainder of Spirit's period of operation. This was a prudent and necessary step to guard against the risk of any potential shortfall as a result of short-term market fluctuations. The outcome achieved has proved to be a satisfactory one given the subsequent downward trend in the markets. Prior to the sale, investment performance remained in line with the targets set by FIR and the Board and compared satisfactorily with relevant benchmarks.

A further decision was taken to explore the use of a cash management platform (now becoming accepted practice for charity investment purposes) to secure a higher level of return from the significant cash balances now held (subject to adhering to the credit rating restrictions set out in Spirit's updated investment policy). This resulted in the appointment of Insignis Cash Solutions following a full appointment process.

Programmes, Operations, Policy and Influencing

A report on the progress of the various grant-aided projects is set out in the Trustee's Report and Financial Statements. I need not add to this beyond noting that Spirit has continued to provide helpful guidance and support in what is still a challenging delivery environment, as well as appropriate level of scrutiny to ensure adherence to the applicable grants criteria and that funds are being applied appropriately. The level of spending commitment and the amount of income or match funding generated to date has remained in line with agreed projections.

As Spirit moves closer to its scheduled end date, its focus is increasingly turning to ensuring that a lasting and practical legacy is achieved which will help inform, influence and shape future practice in the field. The Trustee's Report demonstrates the commitment of PII and the Executive team, as well as the Board, and the progress made in that direction through their combined efforts.

Although the work of the Youth Advisory Panel has now come to an end, Spirit's commitment to youth has been reinforced through the involvement of three former panel members as board directors since the beginning of 2021. Similarly, the Spirit of Achievement Panel, chaired by Susie Rodgers, is tasked with ensuring that inclusivity and diversity remain central to Spirit's work.

The Executive Team

The staff team once again adapted well to the challenging conditions presented by the ongoing coronavirus pandemic. Ruth Hollis and her team deserve great credit for the way that, through it all and while still working remotely in the main, they have managed to support and keep under

Spirit of 2012

Report of the Protector


For the Year Ended 31 March 2022

scrutiny Spirit's various grantees, develop the relationships with Spirit's many partners, and at the same time service the requirements of the Board. The clear and concise presentation of information and reporting to facilitate properly informed discussion and robust decision-making across Spirit's operations remains a consistent feature.

Looking Ahead

As I stated in the conclusion to my report last year, the 10th anniversary of the London Games in 2022 provides 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.

The extensive 2022 programme of activities which is already well underway indicates a determination to make the best of this opportunity in building on the progress achieved already. As it does so, Spirit's efforts will continue to be guided by the Board's five strategic priorities to build the evidence base, work in partnership, break down barriers, champion genuine inclusion, and influence.



Jon Siddall

Protector, Spirit of 2012

13 July 2022