



SPIRIT OF 2012

INVESTING IN HAPPINESS

Annual Report and Financial Statements

for the year ended 31 March 2023

Registered Charity Number - 1155110

Spirit of 2012

For the Year Ended 31 March 2023

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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 Nick Fuller Jane, Lady Gibson OBE Kieran Harding Graham Loader Bill Morris LVO Tim Smith 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 Insignis Cash Solutions 10 Devonshire Square London EC2M 4AE

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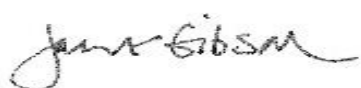
FOREWORD FROM THE CHAIR AND CHIEF EXECUTIVE

2022 marked the 10th anniversary of the 2012 London Olympic and Paralympic Games, which inspired the creation of Spirit of 2012. With other London Legacy partners we enjoyed looking back at the amazing summer and celebrating all the legacy work of which we, and others, have since been custodians. This included a visit to Seoul as part of the inaugural IOC Legacy Forum to share Spirit's learning on an international stage. The summer of 2022 was also an exceptional time for events right across the UK, from the triumphs of the Women's Euros and the extraordinary Platinum Jubilee in June, to the Commonwealth Games in Birmingham and Unboxed.

However, it was also important not just to celebrate the year, but to take a deeper and more focussed look at legacy, what we and others have learnt over the last 10 years – and more. It was also incumbent on us to assess how we can ensure that events are genuinely delivering happier, healthier, and more connected communities for the long term, making the most of the significant time and resources which are invested in them. Back in November 2021 we launched the Spirit of 2012 Inquiry into the Power of Events, looking at how events build happy, thriving, and more connected communities. We are very grateful to Sir Tom Hughes-Hallett for chairing this important piece of work, and to all the Inquiry members and the experts who gave evidence. We were delighted to launch the final report and recommendations at the House of Commons in January 2023.

The Inquiry recommendations set Spirit's manifesto for the next phase of our life. The question Inquiry members kept coming back to was "what next" – that all events should be founded on the principle that long-term change must be paramount in the decision to host. The Inquiry also made recommendations for thinking differently about the funding, accountability and governance of legacy plans, ensuring that events are rooted in inclusion, with the intention of bringing people together, and that more attention is paid to long-term, post-event volunteering plans. Together, we believe that they form a blueprint for how events can leave more longer-lasting, locally-rooted impact for the long term.

In November 2023 Spirit will celebrate our 10th birthday. We look forward to celebrating what we, our grantees and partners have achieved over the decade. At the same time, the Board and Executive Team are actively planning the final, spend-out phase of Spirit's life. All our multi-year grants will close by the end of March 2025 and the organisation will be fully closed by the end of March 2026. While it is sad for staff and Board Members, it is also an exciting time to share and embed our learning. We look forward to working with partners and stakeholders to ensure that Spirit can "exit stage left" with grace, and that we have the partnerships in place to guarantee that the learning on which we, and our grantees, have worked so hard over the last ten years can be actively used.



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 rapidly towards the spend-down phase of Spirit's organisational lifespan, the number of participatory multi-year grants we are awarding and managing has dropped substantially and we have increased the volume of targeted research and policy advocacy we do to deliver these objectives. Central to this will be delivering the recommendations set out in the Inquiry report, published in January 2023 (see p. 12).

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

2022 saw the 10th anniversary of the London 2012 Olympic and Paralympic Games and was an opportunity for us, with other London legacy partners to shine a light on the enduring legacies from the London 2012 Games.

In May we brought senior stakeholders from across the events world, sport and physical activity, arts and culture and volunteering together at the Queen Elizabeth Olympic Park to celebrate the legacy of the London 2012 Games and consider the social impact of the London 2012 Games, reflecting on a decade of major events and asking the question '*When is the right time to understand the success and impact of an event?*'. The panel was chaired by Dame Tanni Grey-Thompson and included Sir Harry Burns, Spirit Board members Bill Morris and Susie Rodgers, Rashid Bhayat with young people from Coventry's Positive Youth Foundation, and Kully Thiarai, Artistic Director of Leeds 2023.

In September we convened a roundtable of stakeholders in Birmingham to discuss how events can be more inclusive of disabled people, celebrating the 10th anniversary of the London Paralympic Games. Spirit will sponsor two further events and publish a report on this important theme later in 2023.

One of our key priorities this year was to share the learning we have developed, with partners, over the last nine years on sport and physical activity and how to engage the least active. In May we published [Step Change: Working Together towards an Active Society](#). This report set out our evidence, and results from polling about how we can break down the barriers that prevent more people from becoming and staying active. The report sets out eight underpinning principles for success and makes ten recommendations for sports policymakers, commissioners and delivery bodies. In September 2022 we gave evidence to the Public Accounts Committee on its investigation into Grassroots Participation in Sport and Physical Activity. In April 2022 we co-ordinated evidence from Breaking Boundaries partners to the Independent Commission for Equity in Cricket. All Spirit's consultation responses are published in full on our website and more detail about our public affairs work can be found in the *Impact and Learning* section of this report.

In January 2023 we launched the recommendations of our 18-month Inquiry into how events can leave happier, healthier and more connected communities, in a lively and well attended event in the House of Commons. Chaired by Sir Thomas Hughes-Hallett, the Inquiry brought together more than 25 cross-sectoral leaders and heard evidence from a range of experts on the social, economic and volunteering legacy of events. The Inquiry recommendations also reflect all the evidence and insight Spirit has been gathering over the last nine years and will form the basis of the advocacy and impact work we will continue to do until we close in 2026. More detail on the Inquiry can be found in the *Impact and Learning* section and the full report and accompanying documents can be read [here](#).

In July 2022, Critical Mass, the mass dance cast we funded for the Birmingham Cultural Festival of the Birmingham 2022 Commonwealth Games, showcased new and ground-breaking ways of delivering genuinely inclusive mass participation and performance for hundreds of young people across the Midlands. This genuinely inclusive community dance cast performed at many of the major events of the Festival, including the Opening Ceremony of the Games. This was designed with all the evidence Spirit, and others, have generated since the London 2012 Paralympic Games on making major events more inclusive for disabled people. This work has culminated in a publicly-

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available playbook, especially useful for event organisers and projects aiming to make their events genuinely inclusive. As noted above, this year our work will take a sharper focus on inclusion and how we can ensure that events and associated volunteering programmes include those people that can be seen as "hard to reach", or, more accurately, most-often excluded.

What we have funded this year

Spirit of 2012 is in the final phase of investing the endowment made to us by the National Lottery Community Fund (BIG Lottery Fund, as was) to make multi-year grants. Spirit of 2012 still funds projects that enable people to be **active, connected and creative**. All grant-funded 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 as well as research contracts and grants.

New grants

In 2022-23, we awarded new grants through all of our strands (Connected, Active, Creative and Incubation) and some grant variations, to increase the overall size of the grant award.

Connected

1. Volunteering Cities

In the largest grant round we held this year we invited all the places that submitted Expressions of Interest for the 2025 City of Culture competition to submit applications to continue their volunteer plans. Applicants were asked to submit budgets for projects of up to £250,000, including up to £50,000 access costs to support participation from those that otherwise might be excluded. Four grant awards, totalling £997,351, were made to support the development of volunteering activity. These were:

Cultural Connections (Great Yarmouth Borough Council, £250,000)

A partnership between local authorities in Great Yarmouth and East Suffolk, *Cultural Connections* aims to build on the volunteer offer in the two counties, using arts, culture and heritage volunteering to improve the wellbeing and life chances of young people, those living in deprived areas, disabled people and those experiencing social isolation.

Bradford Cultural Volunteering Programme (City of Bradford Metropolitan District Council, £250,000)

In partnership with Community Action Bradford and Bradford 25, this project will lay the groundwork for the volunteer programme for City of Culture 2025, recruiting 1,750 volunteers in the run up to 2025 and creating pathways into cultural volunteering.

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Medway Makers (Ideas Test, £249,500)

Delivered in partnership with Medway Voluntary Action, Medway Place Board, Creative Medway & Medway Council, *Medway Makers* seeks to recruit 36 'Heroes' from Medway's areas of highest deprivation and lowest cultural engagement. They in turn will receive support to recruit a total of 540 'Medway Makers' from their local area to participate in 'micro' or one-off volunteering offers connected to local cultural and community events.

Amdani! Conwy (Conwy County Borough Council, £247,851)

A part of the five-year cultural strategy, *Amdani Conwy! (Go Conwy!)* aims to harness the momentum generated through the City of Culture bid to renew and expand volunteering in the area, including re-engaging lapsed volunteers, diversifying the volunteer workforce, addressing local silos, creating new types of volunteering, and implementing a new system for volunteer management.

2. Birmingham Volunteer Legacy (£50,000)

The Board awarded a development grant to the Birmingham 2022 Commonwealth Games Organising committee to develop plans for the sustained deployment of the Commonwealth Collective volunteer force. On the closure of the Organising Committee in February 2023, this grant was novated to United by 2022, the official charity of the Birmingham 2022 Games, who took responsibility for the volunteer legacy. This award was originally made for £40,000 but increased by £10,000 on novation and with resubmitted plans and a longer time-frame for the project.

Incubation

The Moments to Connect Fund was launched in December 2022 to fund a small number of research and test-and-learn grants to use the events of 2023 (the Coronation, Eurovision, 25th anniversary of the Good Friday Agreement, NHS 75 and Windrush 75) to bring communities together to bridge divides, linking to the fourth recommendation of the Spirit Inquiry (see p. 12). The funding decision was delegated by the Spirit of 2012 Board to the Programme, Impact and Influencing Committee which awarded seven grants totalling £304,860 for:

Windrush 75: shared past, shared future (British Future, £30,000)

A grant of £30,000 will fund a project by British Future to investigate how the 75th anniversary of Windrush can bring people together from different ethnic, social and political backgrounds. It aims to widen the coalition of organisations celebrating Windrush and to support practitioners in designing events. It will do this by national polling and focus groups, producing a report, a toolkit, and presentations to offer guidance on messaging.

The Spirit of Windrush (National Maritime Museum, £47,060)

Delivered in partnership with the Caribbean Social Forum, The Spirit of Windrush will explore how this shared history has shaped British society today through the eyes of lived experience and through descendants of the Windrush generation to deliver a large-scale event over two days at the National Maritime Museum. Co-created activities will include an inter-schools choir, schools

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workshop, reminiscence sessions, and a series of creative activities, games, and interactive performances.

Our Lives, Our Legacy (Springboard Opportunities, £59,900)

Our Lives, Our Legacy will bring together young people from different backgrounds to co-create an event to mark the 25th anniversary of the Good Friday Agreement. The event will explore the legacy of the conflict through participants' lived experience, and reflect their hopes for the future.

Year of the King (Jack Drum Arts, £58,475)

Jack Drum Arts will design and deliver an intergenerational community carnival in County Durham to celebrate the Coronation of King Charles III. The project will include a series of workshops which will offer a wide range of participatory and voluntary opportunities to schools, day care centres, and community groups, with participants creating work to be showcased at the Community Carnival. In the final phase of the project, two new intergenerational legacy groups will meet weekly, working with artists to create work for exhibition at a local venue.

Songs of Endurance and Inclusion (The Young Foundation, £49,500)

Using the platform of this year's Eurovision, which is being hosted by the UK on behalf of Ukraine, *Songs of Endurance and Inclusion* seeks to explore how the most famous song contest in the world can be used to celebrate the contribution of refugees and migrants and bring diverse communities together through local events. The Young Foundation will work with existing music groups and choirs, communities and local services in the London Borough of Tower Hamlets towards a grand finale music event at East London's famous Toynbee Hall.

Festivals Connect (University of the West of Scotland (UWS), £29,925)

This research project, led by the Centre for Culture, Sport and Events (CCSE) at the University of the West of Scotland will explore how festivals and events can be used to strengthen Equality, Diversity and Inclusion outcomes. The project will explore the gap between how event-led social change is presumed and expected but not commonly evidenced in tangible outcomes. The findings of the research will be shared to help inform future events, from small community events to large national events.

Reimagining Volunteering (Neighbourly Lab, £30,000)

Inspired by early work with *Volunteering Cities* grantees, this project will explore how 'small v' volunteering (people in the community who serve/help others but do not see themselves as volunteers but as people happy to help out) can help with social connection during national events. Focusing on the Coronation, Neighbourly Lab will recruit people doing 'small v' volunteering for research before co-designing a toolkit for use by organisers of events of different scales.

Creative

Coventry City of Culture Legacy (Coventry City of Culture Trust, £75,000)

The Board awarded £75,000 to the Coventry City of Culture Trust to work with three of the four organisations involved in the original *Caring City* grant (the Spirit-funded project during the City of Culture year). This work was designed to give participants a 'softer landing' when the City of Culture

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year and associated activities came to an end, and develop the capacity of the participating organisations (Grapevine, Coventry Refugee and Migrant Centre and Coventry Law Centre) to work with their service users through arts and culture activities.

Following the successful completion of the first, and largest, element of the grant, *Cosy Creative* (£50,000), Coventry City of Culture Trust announced in March 2023 that they were going into administration. Spirit has retained the final £25,000 portion of this grant for future deployment in line with the original stated outcomes of the grant.

Eurovision Learning Programme and Wellbeing Study (Liverpool City Council, £200,000)

The Spirit of 2012 Board agreed to solicit an application from the City Council to support work around Eurovision, being held in the City in May 2023 on behalf of Ukraine. The grant award is split equally between *EuroLearn*, the first Eurovision related schools programme, and an evaluation study of the wellbeing impacts of being host city for its citizens.

Active

Path to Paris (British Olympic Foundation £180,458)

The Board agreed to make a final grant to the British Olympic Foundation to support the rollout of the Get Set *Path to Paris* programme to schools in Scotland, Wales and Northern Ireland. This matches a substantial investment from Sport England in the England element of the project. *Path to Paris* uses the Get Set Digital platform to get school children more physically active and provide learning on the Olympic and Paralympic Values. This iteration has a focus on inclusion and is working with SEND schools in addition to mainstream schools. It is one of the most significant and enduring legacies from the London 2012 Games.

Grant Variations

We agreed to a number of grants variations this year, partly due to the ongoing impact of COVID extending the timeframes for projects.

Project	Variation type	Original end date	Revised end date
Birmingham Volunteering Legacy	End date, grant amount, organisation	31/01/2023	30/06/2023
Critical Mass	End date, grant amount, organisation	31/12/2022	31/03/2023
Moment to Movement	End date	31/01/2023	30/09/2023
Playing Out	End date	31/08/2023	31/12/2023
Canfod y Gân (Discover the Song)	End date	30/11/2021	31/08/2022
My Pockets Music	End date	30/11/2021	30/04/2022

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In addition to the changes in end dates above, two of the grants listed were novated to new organisations with the closure of the Birmingham 2022 Organising Committee during the year. These were:

1. *Birmingham Volunteering Legacy* – novated to United by 2022 in February 2023. This grant had an initial award of £40,000 with an additional £10,000 awarded to United by 2022 as noted above in the grant awards.
2. *Critical Mass* – novated to FABRIC in January 2023. This grant had an initial award of £1,113,360 with the remaining balance of spend of £20,009 novated to FABRIC.

There was also an additional sum of £4,000 awarded as a grant variation to Swim England for *The Ripple Effect* project. This extended the reach of the project to include all seven National Disability Sports Organisations (NDSOs) with the same amount matched by Swim England themselves into the project.

Closed grants

A number of grants closed within this year including the four *Music Challenge Fund* grants to Doncaster Arts, Canolfan Gerdd Williams, My Pockets, More Music and also Creative Arts East. In addition the final grant awarded by the Youth Advisory Panel to Whitley Bay Big Local and the *Travel to Tokyo/Bound for Beijing* grant to the British Olympic Foundation also closed. Activity finished on *Breaking Boundaries*, one of Spirit's largest grants and the evaluation will be included in next year's annual report.

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. More information about the impact of these grants can be found in the *Impact and Learning* section of this report.

Programme expenditure

Spirit of 2012 has committed £49.3 million in grants over our lifetime, of which we have paid out £44.9 million. Grantees have returned a total of £1.4 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 net total of £1.8 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 £25.6 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.

Events as a catalyst

In January 2023, we launched the results of our 18-month long Inquiry, *'How can events build connected, happy and thriving communities?'*.

Spirit initiated the Inquiry on the basis of our belief that events can have profound impacts on people's lives and communities, with long-lasting social and economic benefits for the areas that host them. However, this doesn't happen automatically, but requires careful planning, preparation and delivery.

Spirit recruited a Chair, Sir Thomas Hughes-Hallett, and brought together 25 experts in a range of areas related to events. Over the course of 18 months the Inquiry listened to people all over the UK, taking evidence and conducting research, to look at how events could most effectively build connected, happy and thriving communities.

The Inquiry published its first report, which focused on event volunteering, in November 2021. We commissioned and published a further two reports: from the Institute for Public Policy Research (IPPR) on the economic impacts of events, and from British Future exploring the role of events in social connection.

The final report put forward five recommendations and two concrete proposals for improving the long-term impact of events in the UK:

1. Long-term impact and a clear plan for "what next" must be the driver for the decision to bid or host a major event;
2. The long-term impact of events must be underpinned by demarcated funding, accountability and governance;
3. Greater attention must be paid to who benefits from events and who is left out;
4. More events should be designed and curated with a broad range of stakeholders to build common ground across divides, and

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5. Events that use volunteers should have a clear strategy to boost longer-term community volunteering.

Proposals

- The creation of a UK City of Sport competition, modelled on the success of UK City of Culture, with a focus on health and wellbeing
- The formation of an events observatory to marshal evidence and data on the long-term impacts of events.

We have received cross-sector support for the recommendations, which were warmly endorsed by the Minister for London, Paul Scully, at our launch event in the Houses of Parliament in January 2023. In the last quarter of this financial year, we have been establishing working groups with external members to support formal feasibility studies for the Data Observatory and City of Sport.

Our funded programmes have continued to explore the best ways of ensuring events and volunteering can act as a pathway to wellbeing, and several events-based grants have made a significant impact this year.

The start of this financial year saw the last three months of Coventry City of Culture, and as part of that, we were proud to fund the *Caring City* programme. Whilst the wider evaluation is yet to be published, *Caring City* looks to have had a profound impact on its regular participants, with reductions in anxiety and increases in wellbeing. Among audiences, which numbered c22,000 across the year, 81% said the events they attended as part of the programme improved their civic pride and 61% said that it had improved their perceptions of Coventry. We have continued to play an active role in the Technical Reference Group, supporting the evaluation of the year as a whole.

Critical Mass, an inclusive dance project delivered as part of the Birmingham 2022 Commonwealth Games, saw 242 young people take part in performances including the Opening Ceremony. 45% of participants identified as disabled, neurodiverse or having a long-term health condition. The project showed how mass cast and inclusive dance practice can come together within a major event. Lessons from the project have been brought together in a playbook.

We have continued to support learning about how events-based volunteering can support and strengthen volunteering infrastructure after the event. The Hull Volunteers programme, now delivered by HEY! Volunteering, provides a model for how this can be done effectively, and was showcased in our Inquiry report. This year, we have activated grants in Bradford, Medway, Great Yarmouth and Conwy to look at how they can build on the volunteering aspirations set out in their City of Culture bids, regardless of whether they received the designation. The four grants are supported by a learning partnership with Neighbourly Lab.

We have also continued to support the role of smaller, community events in achieving social outcomes. In Spring, we hosted two well-attended webinars for community event organisers, featuring panel discussions and research we had commissioned on how to make the most of community events. Our grant funding to Jo Cox Foundation (JCF) for their Great Get Togethers and More in Common Network continued, and JCF had their biggest event Great Winter Get Together

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Campaign in January. Their evaluation shows the power of small community events to increase community connections. Feedback included:

- Before attending a Great Winter Get Together (GWGT) 32% of attendees felt highly motivated to connect with others but after the event, 86% felt highly motivated.
- Before attending a GWGT 38% of attendees felt highly confident to connect with others but after the event, 75% felt highly confident.
- 90% of people said that they had made new connections with people in their local area through attending a GWGT, with attendees saying they met on average nine new people - *"People got to know each other better and made new friends. People got to know a new part of their local area".*

Identifying effective approaches

Across our grant funding and commissioned research we have continued to focus not just on the outcomes that can be achieved with funding culture, physical activity, volunteering and events, but on identifying the ingredients and approaches that best lead to those outcomes.

Renaishi's thematic reports, published in December as part of our three-year independent evaluation partnership, set out many of those ingredients for wellbeing, social connection and perceptions of disability and are available on [our website](#).

In the first quarter, we focused particularly on bringing together our evidence on effective approaches to reducing inactivity, publishing [Step Change: Working together towards an active society](#). Reviewing evidence from across our grant making, as well as undertaking fresh polling and focus groups, the report sets out eight principles for success:

1. Use a person-centred approach that is tailored to individual difference and needs;
2. Use sport and physical activity to achieve positive change – improving people's mental and social wellbeing alongside their levels of physical activity;
3. Take people on a journey of small steps to physical fitness;
4. Build social elements into projects to encourage motivation;
5. Embed social activity into daily routines;
6. Use effective communication;
7. Work in partnerships across sports and non-sports organisations to reach the least active, and
8. Build a skilled and motivated staff and volunteer workforce.

In August, we celebrated the end of the *Changing Lives Through Sport & Physical Activity* Fund (CLTSPA) with an event in Edinburgh, attended by 96 people. With funding from the Scottish Government, Spirit of 2012 worked in partnership with The Robertson Trust and **sportscotland** to support 17 partnerships between sporting and non-sporting organisations. You can read the [final evaluation](#) on the Actify platform.

Our largest grant, to Activity Alliance for *Get Out Get Active (GOGA)*, continued to have a powerful impact on communities across the UK. Highlights this year included extending the reach of GOGA in Wolverhampton to include more faith centres, the launch of the Developing Inclusive Leaders

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research in Haringey, London and the launch of the GOGA Way campaign in November 2022 to showcase locality impact through stories, videos and case studies, and to further raise the profile of GOGA. As the programme enters its final 12 months, the GOGA Steering Group has turned increasingly to sustainability and spreading learning from the programme.

In arts and culture, we were delighted to support a [review of the evidence](#) about the impact of place-based arts and culture interventions on wellbeing, co-funded by Arts and Humanities Research Council (AHRC). The What Works Centre for Wellbeing worked with Liverpool John Moores University to produce the review and briefing. Its findings on mega events included temporary, mixed effects (positive, neutral and negative) on happiness and life satisfaction and increases for [bonding and bridging social capital outcomes](#).

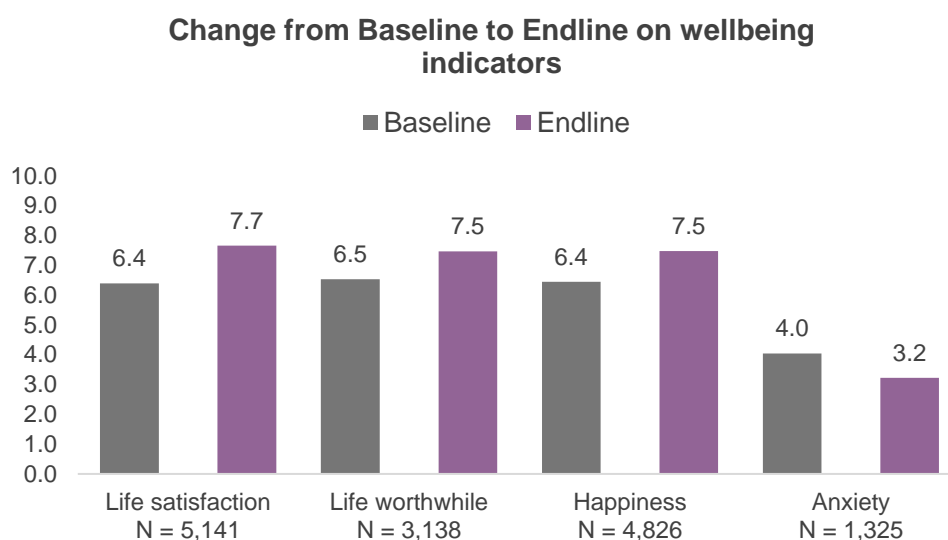
The four projects funded as part of the Music Challenge Fund all came to a close in 2022-23. The Music Challenge Fund was a cohort led by My Pockets in East Yorkshire (*My Pockets Music*), darts in Doncaster (*Creative Directions in the Community*), More Music in Morecambe (*Music for Health*), and Canolfan Gerdd William Mathias in Gwynedd (*Canfod y Gân / Discover the Song*). The projects worked with a range of people from different backgrounds across communities to participate in weekly or fortnightly music-making sessions. Each organisation worked in partnership with local health and social care bodies to refer people to the projects, establishing new partnerships and ways of working that have endured beyond the projects. The projects were successful in improving wellbeing and increasing social connection, with weekly sessions providing a creative outlet for participants, an opportunity to take time for themselves, and a chance to express how they are feeling in a safe, non-judgemental and creative space.

Our funding for Creative Arts East's *Our Day Out* also ended this year. The project worked with people with a dementia and their loved ones, giving them time to participate together in creative activities from belly dancing to crafts. Across a six-year funding relationship, the project increased the wellbeing of participants (pioneering the use of the [Canterbury Wellbeing Scale](#) to understand the 'in the moment' wellbeing impact of the sessions on participants with a dementia), increased social connections (with 97% agreeing they had made new social connections through the project) and encouraged creativity.

Impact on individuals

Live grants in 2022-23 reached a total of 2,561,146 participants, 15,663 of whom took part in regular activity over a sustained period. In addition these grants have, to date, seen 3,882 people take part as volunteers, with 1,654 taking part in regular volunteering.

Renaisi's evaluation of our wellbeing data showed that average wellbeing increased across all four wellbeing indicators.



“Taking the aggregate data across 60 Spirit-funded organisations, the data suggests that these organisations achieved positive impacts for all four wellbeing indicators. Average scores were more positive for each wellbeing outcome ‘Life satisfaction’, ‘Life [being] worthwhile’ and ‘Happiness’ all increased in average scores of between 0.9-1.3 points between baseline and endline, while anxiety decreased 0.8 points. This suggests that Spirit-funded projects impacted the average level of wellbeing of participants.”

The report identified a range of factors that helped to generate these outcomes: creating a welcoming and non-judgemental environment, the expertise of staff and volunteers, progression opportunities, consistency and time to chat and socialise. We recognise that evaluating wellbeing impact is extremely complex, varies across time and is impacted by many different things. However, this data, taken alongside a range of other quantitative and qualitative evidence, suggests that our grants are making a significant contribution to the wellbeing of many participants.

Our Trust Deed sets out a particular focus on work that has a positive impact for young people and for disabled people. In September, we published new polling that showed that while 70% of people felt that the London 2012 Paralympic Games had a positive impact on attitudes towards disabled people, over two thirds of people believed there is still significant prejudice against disabled people in the UK. At an event to mark the 10th anniversary of the event, we discussed the findings alongside evidence from *Critical Mass* (see above), and explored what more can be done to leverage the role of events in creating a more inclusive society for disabled people.

In May we published findings from research by Kim Donohue and Associates exploring the barriers to participation which disabled people face in volunteering, alongside a set of recommendations for how we, as a sector, can do better to reduce these barriers. The research was launched with an online event and is being used to support the *Shaping the Future of Volunteering* group of major volunteering charities. Finally, in December we published the results of our independent evaluation with Renaisi on how our work over the past three years has impacted on perceptions of disability. The report identified a series of mechanisms that grant-holders used to challenge negative perceptions of disability, including positive representation, inclusive participation and

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education, awareness and training.

Many of our grants continue to focus on young people as agents of change in their community, and we continue to be involved in the #iWill movement, both as match funders and through our role on the Learning Hub Steering Group. In 2022-23 our youth social action grants to UK Youth for EmpowHER and Inspire reached many young women and girls, and activities included a campaign against street sexual harassment in London, and a social action project to raise awareness within a local secondary school about period poverty.

Our four-year funding to Youth Sport Trust and Sporting Equals for the Breaking Boundaries project also ended this year (with the final evaluation due to launch in quarter one of 2023-24). At an event in the Houses of Parliament to mark the culmination of the project, Professor Ted Cattle, Chair of the Belong Network, praised the delivery and evaluation of the project as a model for social cohesion work. Across five cities, 279 young people were trained as community champions, and given budgets to design events that brought people from different backgrounds together. Community organisations built stronger relationships with each other, and with the local authority across a wide variety of cricket and sports-themed activities.

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FINANCIAL REVIEW

Income generation

Spirit received no new grant income awards during the year but did receive investment income in the form of bank interest from its cash deposits. Total income is shown in the Statement of Financial Activities at £133,516 (2022: £583,759) including this investment income.

Grant expenditure

Grants committed were lower in the year at £1,789,098 (2022: £2,794,853) 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, similar to in 2022, with the *Volunteering Cities* cohort of grants totalling just under £1 million awarded in the summer of 2022. The Incubation fund also saw increased activity through the *Moments to Connect* funding round issued towards the end of the financial year. 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 similar this year at £651,177 (2022: £691,541). This includes Monitoring and Evaluation (M&E) costs which rose this year due to the completion of the Inquiry and related dissemination work, which culminated in a number of reports and launch. A reduction in Programme Development costs stemmed partly from a reduced recharge to 50% from 60% in previous years. This is to reflect the change in focus of the team from grant management to learning gathering and dissemination. A consequence of this recharge change, has resulted in an increase in support costs to £449,389 (2022: £346,586). There have also been inflationary increases across some premises and operational costs as well as the recruitment of two new Board members and an external PII Committee member. Spirit no longer has investment manager costs as the remaining investments were sold in February 2022. Cash deposits are now held on the Insignis cash management platform which incurs fees akin to bank charges but no management fees. Total expenditure is shown in the Statement of Financial Activities at £2,889,664 (2022: £3,843,507).

Investment and cash policy and performance

The remaining investment portfolios were sold in February 2022, when Spirit became cash based to meet its future commitments and now holds all funds in bank accounts.

These cash funds are held in a variety of accounts through a cash management platform with Insignis Cash Solutions. This has resulted in increased investment income in the year which has also been aided by increases to bank base rates through the year. Cash is placed on deposit with a variety of notice periods to meet Spirit's spend commitments over the year. Any accounts must meet the institutional ratings agreed in our Investment Policy and any deposit placements are agreed by the Resources, Audit and Risk Committee in line with this policy.

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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 2026. During 2020-21 the Board agreed an updated investment policy which changed the focus to capital preservation, from 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 is managing a detailed end-of-life plan to ensure that the endowment is spent at an appropriate rate, and as the organisation closes it meets all commitments to grant holders, 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 and other financial commitments. These plans are updated on a rolling basis and a sufficient, but not excessive, buffer maintained to ensure operational expenses are covered. At Committee level these plans are overseen and monitored by the Resources, Audit and Risk Committee, reporting to the full Board. The Committee and Board are confident that these plans are sufficient for managing Spirit's resources and that judgements and estimates within them are reasonable and prudent.

At the start of this period, Spirit of 2012 held total funds of £5,998,744 and at 31 March 2023 these had reduced to £3,242,596, after accounting for all current grant commitments. These funds include £6,453 (2022: £6,453) of restricted funds as detailed in note 17 of the Financial Statements.

The remaining funds of £3,236,143 (2022: £5,992,291) 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, £1,385,787 (2022: £1,252,271) is unrestricted and the remainder of £1,850,356 (2022: £4,740,020) 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 and other financial commitments for the foreseeable future, and therefore the going concern basis still applies.

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PLANS FOR THE FUTURE

2023 sees Spirit reach its 10th birthday and we will hold an event in the Autumn to celebrate the work we have done over the ten-year period and set out our intentions for Spirit's final two years before closure. 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. The pandemic has delayed the closure of some of our funded projects, and has meant that we will be managing a larger number of grants for a longer period than originally planned. We have, however, set a firm deadline of the end of March 2025 for the final completion of any remaining grants. Looking forward this means that we will see a nine-month period of collation and sharing of learning with the organisation I functionally closing by the end of December 2025 and fully closing by the end of March 2026. We are developing detailed plans for what this means both in terms of delivering the mission and managing the staff and organisation appropriately through this process.

In the short term, we are focussing on the opportunities that another year of events in 2023 affords us, particularly highlighting the work of the seven *Moments to Connect* grants. In addition, Inspire 2022, our multi-year funding partnership programme, with Local Trust, jointly funded by the #iWill fund and delivered by UK Youth, will continue to work with young people to provide social-action opportunities in developing events with and for their communities.

2023-24 is the year that our final grant funding from the endowment and interest gains will be committed, and final funded projects will commence. We are interested in the bridge between different events that can happen at a regional level and an exploration of the link between them, for participants, volunteers and effective knowledge transfer. In addition, we are scoping a final grant round to celebrate the on-going, enduring legacy of London 2012 and explore what the future legacy might look like for communities around the Queen Elizabeth Olympic Park.

We will be using this year to disseminate further learning on events, both from Spirit and partner organisations, particularly focussed on inclusion. Following on from the Inquiry we will be issuing Invitations to Tender for the feasibility work around the City of Sport and Data Observatory to scope these ideas further on behalf of the partners that might eventually own them after Spirit closes. We will also be working with Warwick Business School on the contract to explore the *Connective Tissue* between events, and disseminating the products that stem from this research contract.

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. Together with strategic partners including What Works Centre for Wellbeing and Belong, we will continue to combine the learning and insight from the projects we fund with commissioned research. Together, this will provide robust evidence for effective strategies for improving individual and community wellbeing and cohesion through participation. In this year we will be looking to strengthen this approach by contracting for some legacy learning partnerships to take Spirit's learning and ensure it is actively used once we are closed.

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Finally in this coming year, Spirit will be in a more detailed phase of planning for the spend-out period both for our grant-funded work and research, and for the organisation, Board and staff team.

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STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure

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

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

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

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Governance

The Board of Directors of the Trustee set 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. The Board continues to meet 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 2022. In July 2022 Graham Loader was unanimously voted into the Vice Chair role. 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 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 2022 the Founder reappointed Jon for a fourth term until December 2025. The Protector's Report can be found on pages 55-59.

Committees

During the year the Board agreed to merge the Finance, Investment and Resources Committee and the Audit and Risk Committee. The new Resources, Audit and Risk Committee oversees governance, risk and financial management, and the investment strategy. In making this change Derrick Woolf, external advisor to the Audit and Risk Committee, stood down. Both Committees include at least two Directors of the Trustee, and Committee meetings are, in the main, attended by the Protector. The Committees are:

Resources, Audit & Risk Committee Chair – Oksana Yesina

The new Resources, Audit and Risk Committee (RA&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 is also 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 the internal review and external audit, and reviews and approves operational policies. It is increasingly scrutinising the plans for spend out and closure of the organisation. Now that Spirit has cashed its investments it oversees the cash deposits made on the Insignis cash platform.

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Policy, Impact and Influencing Committee

Chair – Bill Morris, LVO

The Policy, Impact and 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 January 2023 Amy Peters was asked to join PII as an additional external advisor focusing on policy and public affairs.

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 website and through agencies. During this period Raj Jethwa and Susie Rodgers, MBE, stood down from the Board. In October 2022 James Dacre was appointed for a second three-year term. Hayley Bennett took an agreed Sabbatical from the Board from January 2023 and intends to return in July 2023. In November 2022, the Board decided to recruit new Directors and appointed Prospect-us to run the search following a limited competition. In January 2023 the Chair and two Committee Chairs conducted an interview process and recommended that Nick Fuller and Tim Smith join the Board. They also recommended that Amy Peters join the PII Committee as an external advisor. Nick's and Tim's appointments were approved by the full Board in their meeting in early April 2023.

New appointees are given a formal induction to the organisation and their governance responsibilities. All Directors are offered ongoing training and development opportunities from the Association of Charitable Foundations (ACF) and our legal and audit advisers (Bates Wells and Buzzacott, respectively) among 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	RA&R	PII
Hayley Bennett		2 / 3	1 / 2		0 / 1	
James Dacre		1 / 3	0 / 2		2 / 2	
Kirsty Ewen		3 / 3		1 / 1	1 / 2	
Nick Fuller	Appointed 19 April 2023					
Jane, Lady Gibson		3 / 3	1 / 1		1 / 1	3 / 3
Kieran Harding		3 / 3				1 / 3
Raj Jethwa	Resigned 14 July 2022	1 / 2		0 / 1		
Graham Loader		3 / 3	2 / 2	1 / 1	1 / 2	
Bill Morris		3 / 3				3 / 3
Susie Rodgers	Resigned 20 March 2023	2 / 3				
Bethany Steventon-Crinks		3 / 3				3 / 3
Tim Smith	Appointed 19 April 2023					
Oksana Yesina		1 / 3	2 / 2		2 / 2	

During 2022-23 there were three Board meetings because what would usually be the April Board meeting was held in 30 March 2022 to coincide with a two-day Board Residential (therefore there were five Board meetings reported on in the last Annual Report and Accounts).

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 the Board and Committee meeting minutes, to capture any new conflicts or interests. They are disclosed in note 21 to the Financial Statements. There was one related party transaction this year of £600 to Hayley Bennett for her involvement in the Inquiry. The Executive also maintains a gifts and hospitality register for both Directors and the Executive.

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Management

The Senior Management Team is led by Ruth Hollis, Chief Executive, with Jane Duncan, Head of Finance and Operations and Amy Finch, Head of Policy and Impact. Spirit of 2012 has nine permanent members of staff and one on a fixed-term appointment. The team is split into two smaller teams covering Policy, Influencing and Programmes, and Finance 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.

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.

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. In October 2022 the staff team undertook a deep dive into EDI focussing on both our grant making and operations.

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 last reviewed by the (then) Finance, Investment and Resources Committee in December 2021, and approved by the Board in January 2022.

The Resources, Audit and Risk Committee can recommend an annual salary increase to the October Board meeting. This 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 10% given the unprecedented rates of inflation at this time.

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Business objectives

Spirit's annual Operational Corporate Plan (OCP) sets out strategic objectives, derived from the Charitable Objects, and the business objectives which guide operational planning and implementation. Following a review with the Board in 2021, Spirit's corporate reporting focusses on three agreed goals:

Goal 1: Transform the way civil society, funders, event organisers/franchise holders and government understand and plan for the social impact of events and volunteering on individual and community wellbeing, inclusion and connectedness.

Goal 2: Bring the relationship with all of Spirit's grantees (past and present) to a close in ways that honour the impact of these partnerships, focus on what we have learnt and what we can share by project and collectively, and support grantees to be prepared for life 'beyond Spirit'.

Goal 3: Manage all the operational elements of Spirit of 2012 (staffing, operations, finance, governance, grant making) in ways that celebrate success, capture lessons learnt and embed a lasting legacy for change in Spirit's networks, bringing them to a well-planned and well-managed end when the time comes.

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 Resources, Audit and Risk Committee (RA&R) leads Risk Management on behalf of the Board. It reviews and endorses the Risk Management policy annually, most recently in December 2022, 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;

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- ✚ 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 the Committee in December 2021 and the Board in January 2022.

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

Principal risks and impact on future activities

The impact of COVID-19 is still a minor risk both on Spirit as an organisation and our grantees but this has lessened, as expected, over this year. The impact of high inflation and energy costs has been the most significant area of new risk over the last year. Grant and Policy Managers are monitoring the impact of the cost-of-living crisis on grant holders and making recommendations for small grant variants on a case-by-case basis. As a spend-out Trust that has committed the majority of available grant funding Spirit has not been able to offer increases in grant amounts to mitigate some of the financial impacts our grant holders are experiencing.

We continue to actively monitor these risks as we continue to see the impact of the cost-of-living crisis on organisations and individuals.

The other increasing area of risk this year was the impact of the very high levels of sickness absence we experienced as an organisation in the course of the year, caused by various factors, and low capacity and resilience on a small team. As we move towards organisation restructure and eventual closure by 2026 staff risks will continue to be closely monitored on the risk register and scrutinised by the RA&R Committee and the Board.

The Head of Finance and Operations maintains a dedicated risk register for project-related risks, which is reviewed regularly by the Grants and Policy team, 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. The most significant project related risk this year was the impact of Coventry City of Culture Trust going into administration and the unexpected closure of the project. Staff managed the majority of these programme risks 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.

The Senior Management Team maintains a separate register of issues, which it holds confidentially, as it contains sensitive information. There were two live issues at the end of the year.

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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 and energy prices have increased in the last year. While we recognise that Spirit cannot control external environmental risks like these, the main risk register does include 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 2022 the Business Continuity Plan was revised to include emerging risks around the potential loss of business systems or data due to cyber-attacks and an increase in phishing emails.

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 was the Spirit of 2012 Board Safeguarding Champion, to whom the Executive Team reports, as set out in the policy until her recent departure from the Board, and we will appoint a new Safeguarding Champion to take this role. There were no significant issues during 2022-23.

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;

Spirit of 2012

Trustee's Report

For the Year Ended 31 March 2023

4. Build and support partnership working;
5. Build capacity in purposeful planning, monitoring and impact assessment; and
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 12).

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.

Spirit has committed the majority of its endowment for grant-funded projects. As we come to the end of the predominantly grant-funded phase of our life we have updated the Funding Strategy section of the website to be clear that we will not be releasing further funds for grant making.

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 the 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 Policy Manager (GPM) 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, our GPMs 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 on 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 was managed by Barclays Wealth, under the direction of the then Finance, Investment and Resources Committee

Spirit of 2012

Trustee's Report

For the Year Ended 31 March 2023

(FI&R) until the sale of the final investment holdings in February 2022. Spirit is now a cash-based organisation with balances held in deposit and instant access accounts at highly rated institutions. These accounts are held through a cash deposit platform with Insignis Cash Solutions. These deposits ensure that capital is preserved to meet commitments whilst obtaining some interest income on what is still a substantial amount of money.

The RA&R Committee continues to operate within the Investment and Cash Management Policy that was most recently reviewed and endorsed by the Board in December 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 its commitments for the year. Now that there are no longer any investments to be managed Barclays Wealth have ceased to be Investment Managers for the organisation. The cash deposit and treasury management for funds required to meet commitments is now managed internally by the Head of Finance and Operations with direction and support from the RA&R Committee. All deposits are made with approval from Committee members, in line with the Investment and Cash Management Policy.

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 RA&R Committee reviews the list of all current contracts annually as part of the Internal Review.

Spirit of 2012

Trustee's Report

For the Year Ended 31 March 2023

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.

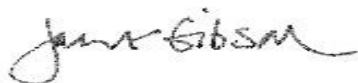
The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of Spirit of 2012 and to enable it to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations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

12 July 2023

Spirit of 2012

Statement on the System of Internal Controls

For the Year Ended 31 March 2023

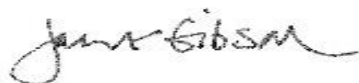
We, the undersigned, acknowledge our responsibility for ensuring that an effective system of internal controls is maintained and operated by Spirit of 2012. This supports the achievement of Spirit of 2012's objectives whilst ensuring compliance with the requirements of Spirit of 2012's governing documents.

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 is based on a framework of policies, regular management information, administrative procedures, including the segregation of duties, and a system of delegation and accountability. It includes:

- ✦ 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 Resources, Audit and Risk Committee and the Board of quarterly and annual financial reports, which indicates 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 Resources, Audit and 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,

on behalf of the Board

12 July 2023



Ruth Hollis

Chief Executive,

Accounting officer of the NLCF

Endowment

12 July 2023

Spirit of 2012

Auditor's Report

For the Year Ended 31 March 2023

Opinion

We have audited the financial statements of Spirit of 2012 (the 'charity') for the year ended 31 March 2023 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 2023 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 2023

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 2023

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:

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;

Spirit of 2012

Auditor's Report

For the Year Ended 31 March 2023

- used data analytics to investigate the rationale behind any significant or unusual transactions;
- 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

21 July 2023

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 2023

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2023 £	Restated Total Funds 2022 £
INCOME						
Charitable Activities						
Grants	2	-	-	-	-	496,535
Investment Income	3	133,516	-	-	133,516	87,224
Total Income		133,516	-	-	133,516	583,759
EXPENDITURE						
Raising Funds						
Investment Management Costs		-	-	-	-	10,527
Charitable Activities						
Active		426,891	-	-	426,891	306,955
Connected		1,541,065	-	-	1,541,065	3,236,602
Creative		563,246	-	-	563,246	157,196
Incubation		358,462	-	-	358,462	132,227
Total Expenditure	4-8	2,889,664	-	-	2,889,664	3,843,507
Net Gains on Investments		-	-	-	-	150,227
Net Expenditure	9	(2,756,148)	-	-	(2,756,148)	(3,109,521)
Transfers Between Funds	17	2,889,664	-	(2,889,664)	-	-
Net Movement in Funds		133,516	-	(2,889,664)	(2,756,148)	(3,109,521)
Total Funds Brought Forward at 1 April 2022	17	1,252,271	6,453	4,740,020	5,998,744	9,108,265
Total Funds Carried Forward at 31 March 2023	17	1,385,787	6,453	1,850,356	3,242,596	5,998,744

All income and expenditure is derived from continuing activities

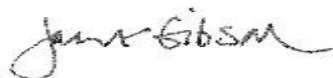
Spirit of 2012
Balance Sheet
As at 31 March 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11	10,953		16,288	
			10,953		16,288
Current assets					
Debtors	14	126,181		203,134	
Cash at bank and in hand		6,091,093		11,104,658	
		6,217,274		11,307,792	
Creditors : Amounts falling due within one year	15	2,397,210		4,098,495	
Net current assets			3,820,064		7,209,297
Total assets less current liabilities			3,831,017		7,225,585
Creditors : Amounts falling due after more than one year	16		(588,421)		(1,226,841)
Net assets			3,242,596		5,998,744
Represented by					
Endowment Funds	19		1,850,356		4,740,020
Restricted Income Funds	18		6,453		6,453
Unrestricted Funds	17		1,385,787		1,252,271
Total Charity funds	20		3,242,596		5,998,744

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

Approved by the Corporate Trustee, Spirit of 2012 Trustee Limited, on 12 July 2023

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 2023

	2023 £	2022 £
Cash flows from operating activities		
Net cash used in operating activities	(5,145,475)	(5,034,742)
Cash flows from investing activities		
Income from investments	133,516	87,224
Purchase of fixed assets and equipment	(1,606)	(10,487)
Proceeds from sale of investments	-	8,066,046
Purchase of investments	-	(236,000)
Net cash provided by investing activities	<u>131,910</u>	<u>7,906,783</u>
Cash flows from financing activities		
Net decrease in funds on deposit	-	125,005
Net movement in cash and cash equivalents in the year	<u>(5,013,565)</u>	<u>2,997,046</u>
Cash and cash equivalents at 1 April 2022	11,104,658	8,107,612
Cash and cash equivalents at 31 March 2023	<u>6,091,093</u>	<u>11,104,658</u>

Reconciliation of net expenditure to net cash used in operating activities

	2023 £	2022 £
Net expenditure for the year (as per the Statement of Financial Activities)	(2,756,148)	(3,109,521)
Adjustments for:		
Depreciation	6,941	6,361
Gains on investments	-	(150,227)
Income from investments	(133,516)	(87,224)
Decrease / (Increase) in debtors	76,953	(145,824)
Decrease in creditors	(2,339,705)	(1,548,307)
Net cash used in operating activities	<u>(5,145,475)</u>	<u>(5,034,742)</u>

Analysis of Changes in Net Debt

	1 Apr 2022 £	Cash flows £	31 Mar 2023 £
Cash and Cash equivalents			
Cash at bank and in hand	11,097,990	(5,006,897)	6,091,093
Cash held by investment managers	6,668	(6,668)	-
	<u>11,104,658</u>	<u>(5,013,565)</u>	<u>6,091,093</u>

Spirit of 2012

Notes to the Financial Statements

For the Year Ended 31 March 2023

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 grants payments in the year. This is a change from previous years where costs were allocated based on grants awarded in the year but as the Charity approaches spend out it is agreed that this reflects allocation of resources in a more appropriate way. The figures for the 2022 financial year have been restated to reflect this new basis. 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.

Debtors

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

Cash at bank and in hand

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

Current asset investments

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

Creditors and provisions

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

1 Accounting Policies (Continued)

Financial instruments

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

Pension costs

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

Fund accounting

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

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

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

Employee benefits

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

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

Critical accounting estimates and judgements

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

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

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

2 Grant Income

During the year the following funds were receivable:

	2023 £	2022 £
Restricted Funds		
NLCF Lottery - #iWill campaign	-	500,000
DCMS - Tampon Tax Fund	-	(3,465)
	<u>-</u>	<u>496,535</u>

3 Investment Income

	2023 £	2022 £
Unrestricted Funds		
Income from listed investments	-	85,882
Bank interest receivable	133,516	1,342
	<u>133,516</u>	<u>87,224</u>

Income from listed investments can be analysed as follows:

Fixed Interest	-	34,415
Equities	-	14,376
Alternative investments	-	37,091
	<u>-</u>	<u>85,882</u>

Spirit of 2012**Notes to the Financial Statements (Continued)****For the Year Ended 31 March 2023****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.

	2023		2022	
	£	£	£	£
Grants awarded (see note 6)		1,789,098		2,794,853
Other Direct Charitable Expenditure				
Programme Development - Staff Costs	295,641		354,114	
Programme Development - Other	146,614		162,528	
Communications and Large Event Costs	26,927		38,117	
Monitoring & Evaluation	181,995		136,782	
	<u> </u>	651,177	<u> </u>	691,541
Direct Charitable Expenditure		<u>2,440,275</u>		<u>3,486,394</u>
Support Costs				
Governance costs	51,059		31,505	
Core Staff Costs	293,585		236,076	
Recruitment Costs	700		-	
Consultancy	9,706		9,535	
Premises Costs	35,430		22,513	
Operational Costs	58,909		46,957	
	<u> </u>	449,389	<u> </u>	346,586
Total Expenditure on Charitable Activities		<u>2,889,664</u>		<u>3,832,980</u>
Expenditure on Raising Funds				
Investment Managers Costs	-		10,527	
	<u> </u>	-	<u> </u>	10,527
		<u>2,889,664</u>		<u>3,843,507</u>
Split:				
Unrestricted funds		2,889,664		2,227,283
Restricted funds		-		1,605,697
Endowment Funds		-		10,527
		<u>2,889,664</u>		<u>3,843,507</u>

5 Analysis of costs split by Charitable Activity

Unrestricted Funds

2023	Active £	Connected £	Creative £	Incubation £	Total £
Grants awarded Other Direct Charitable	180,458	1,045,896	247,884	314,860	1,789,098
Expenditure	145,808	292,979	186,592	25,798	651,177
Support Costs	100,625	202,190	128,770	17,804	449,389
	426,891	1,541,065	563,246	358,462	2,889,664

2022 - restated

2022 - restated	Active £	Connected £	Creative £	Incubation £	Total £
Grants awarded Other Direct Charitable	54,114	1,069,642	(6)	119,858	1,243,608
Expenditure	154,286	276,645	198,147	8,011	637,089
Support Costs	83,934	150,499	107,795	4,358	346,586
	292,334	1,496,786	305,936	132,227	2,227,283

Restricted Funds

2023	Active £	Connected £	Creative £	Incubation £	Total £
Grants awarded Other Direct Charitable	-	-	-	-	-
Expenditure	-	-	-	-	-
Support Costs	-	-	-	-	-
	-	-	-	-	-

2022 - restated

2022 - restated	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

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 2023

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	2023		2022		2023		2022	
	No.	No.	£	£	£	£		
<u>Changing Lives through Sport and Physical Activity Fund</u>								
British Olympic Foundation	1	1	180,458		54,114			
	<u>1</u>	<u>1</u>	<u>180,458</u>		<u>54,114</u>			
Total Active	<u>1</u>	<u>1</u>		180,458		54,114		
Connected								
Bradford CC	1	-	250,000		-			
Conwy CBC	1	-	247,851		-			
Great Yarmouth CC	1	-	250,000		-			
Ideas Test Birmingham Organising Committee for the Commonwealth Games 2022	1	-	249,500		-			
/ United by 2022	1	-	50,000		-			
The Shift Foundation	1	-	5,000		-			
* UK Youth	-	1	-		1,699,985			
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	-		38,435			
Youth Sport Trust	-	-	(6,455)		-			
Total Connected	<u>6</u>	<u>31</u>		1,045,896		2,769,627		
Creative								
Coventry City of Culture	1	-	50,000		-			
Liverpool CC	1	-	200,000		-			
Birmingham Organising Committee for the Commonwealth Games 2022	-	1	-		133,360			
More Music	-	-	(1,936)		-			
Black Country Together	-	-	-		(133,366)			
Canolfan	-	-	(180)		-			
	<u>2</u>	<u>1</u>	<u>247,884</u>		<u>(6)</u>			
Carried forward to next page	7	32		1,226,354		2,823,741		

* - Restricted Funds

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2023

6 Grants Awarded (continued)

	2023 No.	2022 No.	2023 £	2022 £
Brought forward from previous page	7	32	1,226,354	2,823,741
Creative (continued)				
Brought forward from previous page	2	1	247,884	(6)
Carers' Music Fund				
* Barnardo's	-	-	-	(4,400)
* Blackpool Carers Centre	-	-	-	(15,371)
* Jack Drum Arts	-	-	-	(1,781)
* Midland Arts Centre	-	-	-	(10,883)
* My Pockets People	-	-	-	(23,400)
* Noise Solution	-	-	-	(39,278)
* Northamptonshire Carers	-	-	-	(28,803)
* Oh Yeah Music	-	-	-	(4,835)
* UK Youth	-	-	-	(19,989)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(148,740)</u>
Total Creative	<u>2</u>	<u>1</u>	247,884	(148,746)
Incubation				
Jack Drum Arts	1	-	58,475	-
British Future	1	-	30,000	-
Springboard Opportunities	1	-	59,900	-
Young Foundation	1	-	49,500	-
National Maritime Museum	1	-	47,060	-
University of West Scotland	1	-	29,925	-
Neighbourly Lab	1	-	30,000	-
Royal Voluntary Service	1	-	6,000	-
Swim England	1	1	4,000	60,000
Volunteer Centre Dorset	-	1	-	30,000
Kim Donahue Associates	-	1	-	29,858
	<u>9</u>	<u>3</u>	<u>314,860</u>	<u>119,858</u>
Total Incubation	<u>9</u>	<u>3</u>	314,860	119,858
Totals	<u><u>18</u></u>	<u><u>36</u></u>	<u><u>1,789,098</u></u>	<u><u>2,794,853</u></u>
Split:				
Unrestricted funds			1,789,098	1,243,608
Restricted funds (*)			-	1,551,245
			<u><u>1,789,098</u></u>	<u><u>2,794,853</u></u>

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2023

7 Grant Commitments

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

	Grant commitments at 1 Apr 2022	New grant commitments	Grants paid	Grants closed / underspent	Grant commitments at 31 Mar 2023
	£	£	£	£	£
2023					
Active	1,448,860	180,458	(916,494)	-	712,824
Connected	2,499,914	1,052,351	(1,841,553)	(6,455)	1,704,257
Creative	1,217,633	275,000	(1,172,845)	(27,116)	292,672
Incubation Fund	91,698	314,860	(162,161)	-	244,397
	5,258,105	1,822,669	(4,093,053)	(33,571)	2,954,150

	Grants Payable within one year	Grants Payable over one year	Grant commitments at 31 Mar 2023
	£	£	£
2023			
Active	645,261	67,563	712,824
Connected	1,194,424	509,833	1,704,257
Creative	292,672	-	292,672
Incubation Fund	233,372	11,025	244,397
	2,365,729	588,421	2,954,150

	Grant commitments at 1 Apr 2021	New grant commitments	Grants paid	Grants closed / underspent	Grant commitments at 31 Mar 2022
	£	£	£	£	£
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	(51,784)	1	91,698
	6,581,859	3,090,343	(4,118,608)	(295,489)	5,258,105

	Grants Payable within one year	Grants Payable over one year	Grant commitments at 31 Mar 2022
	£	£	£
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

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 2023

8 Staff Costs

	2023 £	2022 £
Wages and salaries	490,432	489,779
Social security costs	48,768	48,387
Pension contributions	50,026	52,024
Total staff costs	589,226	590,190

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

	2023 No.	2022 No.
£60,000 - £69,999	1	-
£90,000 - £99,999	1	1
	<u>2</u>	<u>1</u>

The total amount of pension benefits for these higher paid employees was £16,409 (2022: £9,458)

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 £262,973 (2022: £234,621).

No Director of the corporate trustee received any remuneration during the year. 3 Directors received reimbursement of £3,965 of expenses incurred relating to Spirit activities during the year (2022: 4 Directors were reimbursed a total of £2,128 for travel, subsistence and accommodation costs).

The average headcount number of employees analysed by function was:

	2023 No.	2022 No.
Programme Staff	6.4	7.6
Management and Administration	3.8	3.8
	<u>10.2</u>	<u>11.4</u>

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2023

9 Net expenditure is stated after charging:

	2023 £	2022 £
Auditors' remuneration for audit services (incl. VAT)	8,940	8,100
Investment Management Fees	-	10,527
Travel, subsistence and hospitality costs	10,811	5,632
Directors' Indemnity Insurance	1,465	1,383
Fees and expenses of the Protector	10,000	10,000
Operating lease costs (office rentals)	76,573	73,609

Investment Management Fees were payable quarterly based on the portfolio value managed and were in line with current market rates for this service. They ceased in February 2022.

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 2023 £
All used for direct charitable purposes			
Cost			
At 1 April 2022	30,455	15,318	45,773
Additions	1,606	-	1,606
Disposals	(2,108)	-	(2,108)
At 31 March 2023	29,953	15,318	45,271
Depreciation			
At 1 April 2022	22,325	7,160	29,485
Charges for the year	5,063	1,878	6,941
Eliminated on disposals	(2,108)	-	(2,108)
At 31 March 2023	25,280	9,038	34,318
Net book value			
At 31 March 2023	4,673	6,280	10,953
At 31 March 2022	8,130	8,158	16,288

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2023

12 Investments

	2023	2022
	£	£
At 1 April 2022	-	7,679,575
Additions in the year	-	236,000
Disposals in the year	-	(8,066,046)
Realised net gains in the year	-	551,619
Unrealised net (losses)/gains in the year	-	(401,148)
At 31 March 2023	<u>-</u>	<u>-</u>

13 Investments: Short Term Deposits

	2023	2022
	£	£
At 1 April 2022	-	125,249
Disposals in the year	-	(125,005)
Realised net (losses)/gains in the year	-	407
Unrealised net gains/(losses) in the year	-	(651)
Balance at 31 March 2023	<u>-</u>	<u>-</u>

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2023

14 Debtors

	2023 £	2022 £
Other debtors	18,066	18,066
Prepayments	35,149	35,068
Accrued income	72,966	150,000
	<u>126,181</u>	<u>203,134</u>

15 Creditors - Amounts falling due within one year

	2023 £	2022 £
Trade creditors	15,225	45,007
Grants payable	2,365,729	4,031,264
Accruals	16,256	22,224
	<u>2,397,210</u>	<u>4,098,495</u>

16 Creditors - Amounts falling due after one year

	2023 £	2022 £
Grants payable	<u>588,421</u>	<u>1,226,841</u>

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 2022 £	Income £	Expenditure £	Transfers £	At 31 March 2023 £
Endowment Funds	4,740,020	-	-	(2,889,664)	1,850,356
Restricted Funds	6,453	-	-	-	6,453
Unrestricted Funds	1,252,271	133,516	(2,889,664)	2,889,664	1,385,787
Total Funds	<u>5,998,744</u>	<u>133,516</u>	<u>(2,889,664)</u>	<u>-</u>	<u>3,242,596</u>
Prior year comparative	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	<u>9,108,265</u>	<u>583,759</u>	<u>(3,843,507)</u>	<u>150,227</u>	<u>5,998,744</u>

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2023

18 Restricted Funds

	At 1 April 2022	Income	Expenditure	Transfers	At 31 March 2023
	£	£	£	£	£
Community & Individual Wellbeing	6,453	-	-	-	6,453
	6,453	-	-	-	6,453

Prior year comparative	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 contributed £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 subsequent 3 years after an initial £10,000 development grant to develop and research their initial ideas. This programme is ongoing and 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 £1m in this fund to match the £1m 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 extended the programme to other locations and an additional cohort of beneficiaries. The initial project delivery completed successfully in 2021-22 and the programme was extended further with a legacy extension. This additional funding came directly from Spirit and is not a restricted fund. The transfer in 2021-22 covers the agreed management fee costs for the programme and was 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. The transfer in 2021-22 covers the agreed management fee costs for the programme and was transferred to cover costs incurred by Spirit.

In April 2019, Spirit secured a £1.5m 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 in 2021-22 and showed a transfer back to unrestricted funds of the underspent grants that Spirit had funded. The DCMS portion was repaid to them.

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2023

19 Endowment Funds

At 1 April 2022	Realised Gains £	Unrealised Losses £	Converted to Income £	Investment Manager's Fees £	At 31 March 2023 £
<u>4,740,020</u>	<u>-</u>	<u>-</u>	<u>(2,889,664)</u>	<u>-</u>	<u>1,850,356</u>

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

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

20 Net assets by Fund

	Fixed Assets £	Net Current Assets / (Liabilities) £	Long term Creditors £	Net Assets £
2023				
Endowment Funds	-	1,850,356	-	1,850,356
Restricted Funds	-	6,453	-	6,453
Unrestricted Funds	10,953	1,963,255	(588,421)	1,385,787
Total Funds	<u>10,953</u>	<u>3,820,064</u>	<u>(588,421)</u>	<u>3,242,596</u>
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	<u>16,288</u>	<u>7,209,297</u>	<u>(1,226,841)</u>	<u>5,998,744</u>

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.

During the year, Hayley Bennett, a Board member, was paid an honorarium fee of £600 (including VAT) as part of her involvement in the Inquiry sittings and discussions.

There were no individual related party transactions requiring disclosure during the year ended 31 March 2022.

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 2023

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 2023 the total future minimum lease payments under non-cancellable operating leases were as follows:

	Land and Buildings	
	2023	2022
	£	£
Payments due:		
Within one year	63,287	74,348
Between one and two years	-	61,957
	63,287	136,305

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 2023

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 three further three year terms until the end of December 2025. 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 2023

Administration of the Charity

Following the relaxation of the restrictions on face to face meetings there was a welcome return to board and committee meetings being held in person although a number continued to take place remotely or as hybrid meetings for practical convenience. I attended in person or via Zoom, as applicable, all four Board meetings, the two meetings of the Finance, Investment and Resources Committee ("FIR"), the one meeting of the Audit and Risk Committee ("ARC") and, following the merger of the two committees to form the Resources, Audit and Risk Committee ("RAR"), the first two meetings of RAR. I also attended one meeting of the Policy, Impact and Influencing Committee ("PII") and followed the progress of its deliberations through the year. I attended the second day of the Board Residential held in Coventry at the Board's invitation.

I have corresponded on a regular basis with the Chief Executive in the lead up to Board meetings, and with both the Chair and Chief Executive routinely as and when circumstances have demanded, as part of my ongoing responsibility to keep matters under regular review. I maintain periodic contact with TNLCF to keep them updated on any major developments. There have been no matters of significant concern to raise with TNLCF or the Charity Commission.

The ARC (and subsequently the RAR), and the Board in turn, continued to keep the Risk Register maintained by the Senior Management team under regular scrutiny and to update it as circumstances demanded. Identified risks are managed and, to the extent possible, mitigated. Further reassurance has been gained from the audit process which has, as in previous years, gone smoothly and without incident – reflecting well on the Spirit team and, in particular the Head of Finance and Operations. Following a review of Spirit's requirements, Buzzacott LLP were reappointed as auditors prior to the commencement of the reporting period for a further three years.

I am pleased to report that 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

Spirit's vision of *Happier People, Happier Places* and the intention to build sustainable social legacies from the inspiration of events remain at the heart of all that Spirit does, as does its core purpose: "To unlock a future where events and volunteering are a pathway to wellbeing for all people and their communities".

Under the committed lead of Jane, Lady Gibson, the Board has continued to approach its task with vigour and a determination to make sure that Spirit's invaluable experience is widely shared and meaningfully embraced. By way of illustration, the decision to establish the Spirit of 2012 Inquiry ("the Inquiry") on the Social Legacy of Events, with Sir Tom Hughes-Hallett as Chair and supported by a panel of leading experts in their fields, proved to be an inspired one resulting in the publication of the well-received "How Can Events Help Build Connected, Happy and Thriving Communities". The Inquiry's recommendations and proposals appear to have struck a real chord among a wide and influential audience and it is to be hoped that they will be acted upon.

Recent retirements from the Board, including longstanding member Susie Rodgers MBE after many years of active service, have enabled the recruitment of new board members in Nick Fuller

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and Tim Smith to bring an additional skillset to complement the existing broad range of experience and serve the Board well during this important final phase. The Board, supported by its committees and executive team, seems well placed to meet this challenge.

Resources, Audit and Risk

The Resources, Audit and Risk Committee was formed during the course of the year to combine the responsibilities previously undertaken by the FIR and ARC committees. This largely reflected the fact that, with the sale in early 2022 of the remaining investment holdings in favour of cash, the financial focus had moved away from active investment management to protecting the value of Spirit's remaining assets with a greater degree of certainty and ensuring that sufficient resources are available to meet planned commitments. The new committee has given early thought to the preferred application of remaining available resources to fund Spirit operations through its remaining time without exposing the charity to undue risk.

The decision taken to make use of a cash management platform (in keeping with accepted practice for charity investment purposes) to secure the best available return while spreading Spirit's significant cash balances amongst a range of banking institutions (subject to adhering to the credit rating restrictions set out in Spirit's updated investment policy) to limit any risk has proved to be a prudent and satisfactory approach.

Programmes, Operations, Policy and Influencing

A report on the progress of the various grant-aided projects is included in the Trustee's Report and Financial Statements. As the grants programme begins to draw to a natural close, Spirit has continued to provide useful guidance and support to existing recipients, as well as an appropriate level of scrutiny to ensure adherence to the applicable grants criteria. New grant opportunities have been supported from Spirit's reducing resources on a targeted basis to help reinforce and evidence Spirit's strong message. The overall 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 main focus has now rightly turned to ensuring that a lasting and practical legacy is achieved which will help inform, influence and shape future practice in the field. The commitment of PII and the executive team, as well as the Board, to that end is encouraging, as evidenced by the ongoing sound progress made to date and set out in in the Trustee's Report, for example through the publication of the report on reducing inactivity: "Step Change: Working together towards and active society". There is a healthy appetite to maximise Spirit's impact and to avoid any form of complacency.

The Executive Team

The staff team, under the dedicated and experienced lead of Ruth Hollis, deserve great credit for the effective manner with which they have approached their task. In continuing to support and keep under scrutiny Spirit's various grantees, the team has responded well to the challenge of maintaining and developing relationships with key partners and other agencies as the focus moves increasingly to sharing and embedding Spirit's rich experience. The clear and concise presentation of information to the Board and Committees to enable well informed discussion and robust decision-making across Spirit's operations continues to be a notable source of strength.

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Looking Ahead

As Spirit approaches the 10th anniversary of its existence in November 2023, and enters the remaining phase of its life before the planned closure in March 2026, there is much still to be done to ensure that the invaluable experience gained, and the key lessons learnt over the last ten years, become firmly embedded in the future approach by others to the planning and implementation of events and the achievement of a truly worthwhile legacy.

There is an evident and determined commitment within Spirit to achieve this worthy aim which inspires confidence that the opportunity will be grasped by Spirit to leave a positive mark and make a lasting change to how people feel about themselves and their communities.



Jon Siddall

Protector, Spirit of 2012

12 July 2023