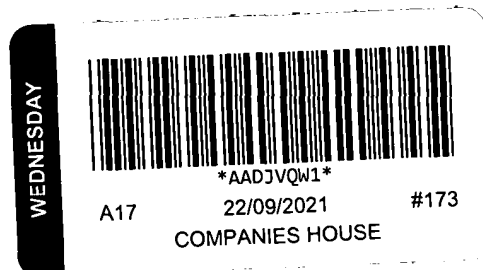


Company Number: 01829004
HCA Registration: 4688
Registered Charity Number: 515517

FOUNDATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2021



FOUNDATION

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FOUNDATION

COMPANY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2021

Management Committee

Chair Claire Vilarrubi

Other Trustees:

Chris Welch – Independent Trustee (Foundation)

David Powell – Independent Trustee (Foundation)

Lisa Bradley – Independent Trustee (Foundation)

Damian Pocknell — Inspire North Group Trustee (Vice Chair)

Philip Turnpenny – Inspire North Group Trustee

Richard Parry – Inspire North Group Trustee

David Strachan – Inspire North Group Trustee

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

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

Executive Officers

Chief Executive Ruth Kettle

Director of Operations Faye Oldroyd

Director of Development and Innovation Sinead Cregan

Director of Finance and Corporate Services Caroline Watson

Director of People and Culture Donna Gooby

Company Secretary & Registered Office

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

Registration Numbers

Company number 01829004

HCA registration number 4688

Registered charity number 515517

FOUNDATION

COMPANY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2021

External Auditor	RSM UK Audit LLP Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL
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Solicitors	Wrigleys 19 Cookridge Street Leeds LS2 3AG
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	Claire Murphy Legal Fairfax House 38 The Grove Ilkley LS29 9EE
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Bankers	Santander Bridle Road Bootle Merseyside L30 4GB
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FOUNDATION

CHAIR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2021

Having been Chair of the Inspire North Group since its establishment, it gives me pleasure to present a review of Foundation for the 2020 to 2021 period.

The benefits of Foundation's merger with Community Links (Northern Ltd) to create the Inspire North group are now being realised with a focus across the period on the integration of systems and processes, the delivery of enhanced learning and development for employees, and healthy growth in our business.

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

Our new five-year Inspire North Strategy (2019 to 2024) enters its second year of delivery, which provides strategic direction for the whole group, whilst celebrating the distinct strengths of Foundation and its sister organisation.

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

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

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

Foundation's wholly owned subsidiary, Foundation Stone Enterprises (Ltd), is undergoing a planned wind down of operations, with its Social Lettings Agency, Foundation Living and is transferring a number of properties up to Foundation.

The challenges Foundation has faced as a result of the COVID-19 pandemic have been met with speed, integrity and passion by employees, fellow Trustees, and partners. This not only demonstrates the excellence and flexibility of our services but also evidences the robust governance and excellent support infrastructure provided by Inspire North.

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

FOUNDATION


CHAIR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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

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

X
Claire Vilarrubi
Chair

 14/9/21

FOUNDATION

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

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

Organisational Overview

Principal Activities

Foundation was established as a registered charity limited by guarantee, incorporated on 29 June 1984 and registered as a charity on 4 September 1984. The company became a Registered Social Landlord in January 2012. The Company is governed under its Memorandum and Articles of Association, revised and approved by the Charity Commission and subsequently adopted by the Charity on 17 October 2018. The charitable objects are set out in Article 3 of the Memorandum of Association and remained unchanged throughout the year:

"Educate and train and relieve poverty and sickness amongst persons in conditions of need, hardship and distress, particularly such persons who are in housing need within the Yorkshire and Humberside region and neighbouring districts by such charitable means as the Trustees may from time to time determine."

Foundation provides life-changing housing, support and domestic abuse services across the North of England, working with people who require a helping hand to establish a full and independent life in their local community. Foundation's support is personalised and focused upon the life journey of each clients/tenant. It can include help to access and manage a tenancy, look for work, tackle addictions, improve family relationships and access basic services, such as a GP or setting up a bank account. Foundation operates a wide variety of services across Yorkshire, Greater Manchester and in the North East working closely with local authorities and other key partners from the statutory and Third Sectors to deliver outstanding services and achieve positive outcomes for our clients.

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

Organisational Structure

Foundation Trustees ratified the merger with Community Links (Northern) Limited on 17 October 2018. This was achieved through the formation of a group structure, with the parent company (and registered charity) Inspire North being formed. Foundation now sits within a family of organisations. Inspire North is Foundation's sole parent company, with Community Links (Northern Ltd) its sister organisation.

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

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

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

Business Review

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

FOUNDATION

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

Objectives & Strategy

In October 2019, our first Inspire North Strategy (group-wide) was launched at our first group-wide Annual Conference. The Conference was held at the prestigious Headingley Stadium in Leeds and was attended by over 300 employees.

The five-year Strategy (2019 to 2024) was created following a series of nine roadshows across the North of England which saw the CEO engage with over 250 employees, trustees and volunteers to gain their views and ideas for the future of the group. Employees also engaged directly with their clients to gather feedback which informed the development of the Strategy.

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

Group Vision - Creating a World Where Everyone Matters

Group Purpose - Building Brighter Futures

Values –

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

Our new group-wide approach creates a consistent ethos for our work and employees, which complements the objectives outlined within Foundation's Memorandum of Association. Contributing towards the achievement of our group purpose, Foundation has its own charitable purpose: **to provide life-changing housing, support and domestic abuse services.**

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

Achievement and performance

This year (April 2020 to March 2021), Foundation has worked with a total of 3,294 individual clients or tenants to assist them in achieving their goals for a better life (based on data available through our internal systems).

For the 2,361 clients leaving the service during this period, data has been collected to identify what kinds of support each client required from the service and whether a positive outcome was achieved in each area by

FOUNDATION

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

the end of their time with the service. This includes 87% of outgoing clients/tenants having a successful move-on from service.

Foundation Performance against targets for 2020/21

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

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

Retain Contracts

- The majority of service contracts held by the Inspire North group that were up for re-tender in the period have been extended by commissioning authorities as a result of the Covid-19 pandemic. This has helped us to maintain stability for teams during an otherwise turbulent year.
- A closed procurement round took place for the Oakwood Hall service, through which we secured a two-year extension to the contract.
- Up to the end of the period, Development have retained 100% of contracts across the Inspire North group that have been re-tendered since the merger (17 October 2018).

Retain Talent

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

Productive Culture

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

Evidence of Learning and Sharing

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

Joined-Up Processes

FOUNDATION

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

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

New Markets and New Models

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

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

Service Contracts

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

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

- HMPPS Personal Wellbeing and Women's Services for North Yorkshire: as part of the newly established Dynamic Framework, which forms part of the restructure of probation services across England and Wales. Services are due to launch in late June 2021.
- Covid-19 Extraordinary Funding for Domestic Abuse and Sexual Violence Services for Redcar and Durham. Short term funding released through the Ministry of Justice to support the survivors impacted by the increased perpetration of domestic abuse during lock-down.
- North Yorkshire Perpetrator Fund: Funding secured from the Home Office, through the North Yorkshire Police, Crime and Fire Commissioner's Office, to expand our work identifying perpetrators of domestic abuse and engaging them in behavioural change.

A number of contracts which were expected to reach a natural close have now been extended in recognition of the important role they will play in the Covid-19 recovery, including our North Yorkshire Action Towards Inclusion service.

FOUNDATION

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

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

Digital Inclusion and Transformation

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

A Digital Transformation Group has been established with key representatives coming together to oversee live digital projects and drive further transformation across the Inspire North Group.

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

Employees

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

Key achievements have been:

- The appointment of a Senior Operational Manager has been piloted since mid-2020 and introduced as a permanent appointment in early 2021. This role will now hold line management for the Operational Management Team, further supporting the whole group culture which is developing across our services in both Foundation and Community Links. Our group-wide Leadership Forums and Operational Forums also continue to be pivotal in this. The Leadership Forum meets quarterly and has a programme of training and development based around the concept of transformational leadership and innovative ways of working. The forum enables the sharing of good practice and consistency across the group.
- In line with the expansion of our portfolio of services, our group-wide Operational Management Team has also grown, and a re-structuring of service portfolios taken place. Alongside the introduction of a Senior Operational Manager, this ensures sufficient capacity within operational leadership to drive quality in service delivery.
- An enhanced mandatory training package has been rolled out across the group which includes Anti-Racism, Safeguarding Adults and Children, Diversity & Inclusion, Co-production, Health & Safety, Supervision Skills and Professional Boundaries. In addition, a new reporting system has been established empowering all employees to take responsibility for their own learning and development, and mandatory training reported regularly to management.
- The introduction of a Volunteer Development Manager within Inspire North who is responsible for overseeing all volunteering activity across the group and expanding our quality volunteering offer. This post will be at the centre of the organisation's ambitions to grow and enhance its volunteering offer over the coming years. Already, we have secured group-wide Investors in Volunteers accreditation, established consistent processes for volunteer recruitment and management and established a Volunteer Forum.

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

- Inspire North has made a firm pledge to invest the time and resources necessary in becoming more anti-racist. In recognition of the central role that our employees and their experiences play in making the group what it is, we conducted a survey to understand more about the experiences of our employees, particularly those who identify as BAME. We have circulated this report and have entered into a period of consultation to gather insights. Our work to become more anti-racist has also entailed the development of a new Anti-Racism Strategy, the development of mandatory Anti-Racism Training, the introduction of a requirement for all employees to have a performance objective related to Anti-Racism, and robust reviews of our processes, tools and communications. Importantly, this work has been underpinned by the incredible work of our BAME Network of employees.

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

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

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

Health and safety

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

The Company remains committed to the provision and maintenance of:

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

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

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

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

FOUNDATION

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

Future Plans

Ambitions for 2021-22

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

Our four key aims are to:

- **Create Together:** We know the way to excellence is through sharing expertise. We will create our services with the people who use them to get the best possible outcomes. Our clients are the leading voice in everything we do, as they are experts in what they need.
- **Be a Great Place to Work:** We bring together a diverse workforce with a wealth of skills and decades of experience. We empower our colleagues to make decisions using their specialist knowledge of the communities they serve, always putting our values front and centre.
- **Innovate and Influence:** We will drive innovation and influence and be a catalyst for change. We will share best practice with colleagues, trustees, partners and local communities to develop high-quality services that reflect the increasingly varied and complex needs of our clients
- **Build Sustainable Futures:** We will use an evidence-based approach to inform what we do and develop more effective practices that deliver better outcomes. We will seek out new funding sources and partners. We will lead the way on sustainable approaches to working and providing services.

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

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

Principal Risks and Uncertainties

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

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

- Implementation of on-going cuts to Local Authorities arising from the policies of the Government and the cumulative impact of gradual, ongoing cuts to service budgets resulting in service closure or inability to re-tender for services.
- The current economic situation within the UK, largely but not exclusively as a result of the COVID-19 global pandemic, leading to a rise in demand for services coupled with cutbacks in spending and procurement plans from statutory agencies.

FOUNDATION

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

- The impact of another set of changes in accounting for the SHPS pension scheme on the company's balance sheet reducing our potential for borrowing and winning new business.
- The continued impact of BREXIT on both public services and employment opportunities for clients/tenants.
- The continued impact of COVID-19 on the safety, health and wellbeing of our employees and clients/tenants.

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

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

Co-production

Foundation aims to co-produce all aspects of its work. We strive to involve stakeholders from all areas of the organisation (from clients to members of the Management Committee). There is currently a good level of co-production activity and several ways in which clients and tenants can be actively involved across the company:

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

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

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

Complaints and Suggestions

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

A bi-annual Complaints, Comments and Compliments analysis report outlines outcomes and actions and is reviewed by the Quality and Performance Board. Quarterly reports update service commissioners regarding patterns or trends regarding comments, compliments, or complaints. For the 2020 to 2021 period, Foundation received 33 complaints, 9 compliments and 28 concerns, 97% of these were acknowledged or resolved within 28-days, in line with our policy.

FOUNDATION

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

Financial Review and Resources

Going Concern

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

Foundation is a member of the Social Housing Pension Scheme (SHPS) which has had a significant impact on Foundation's accounts. Foundation and its sister company Community Links are the only two companies within the group with this liability. There is a scheme-wide plan in place to repay the deficit by March 2026. Whilst this represents a significant cash outflow for the group, the directors believe it is a going concern and is able to meet its obligations moving forwards.

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

Financial Performance and Position at End of Year

The Company incurred a loss for the year of £1,502,000 (2020: £2,574,000 surplus). The difference in the result for the year was largely due to the difference in actuarial performance, with a loss £1,940,000 being recorded in 2020/21 compared to the gain of £2,199,000 in the prior year. As a result of this, the year end Statement of Financial Position has moved from a surplus of £1,000,000 to a deficit of £502,000. The retendering of several contracts combined with aggressive cost control across the business resulted in an operating surplus of £387k (2020: £517k).

Cash flow remains a priority target for the company and is monitored regularly to ensure Foundation can meet its liabilities.

Reserves

The Trustees regularly review the reserves of the charity, giving consideration to the nature of the income and expenditure streams, the need to match variable levels of income with fixed and planned commitments and the make-up of the reserves. Whilst the Trustees and management do not wish to hold reserves unnecessarily, in view of the current high risk of the public sector funding cuts and greater competition for available funding, we believe that a prudent policy is preserving and increasing our unrestricted reserves to a level which provides for six months of operating costs (including designated funds). Trustees recognise that this objective will not be achieved until the Pension Scheme deficit is cleared. General and designated reserves for the Company stood at negative £502k at the end of the period (2020: £1,000k). The primary reason for the major swing is the revaluation of the defined pension scheme liability to £3,063k. Excluding the pension liability unrestricted funds amount to £2,561k. All funds of the group as at 31 March 2021 were unrestricted.

FOUNDATION

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

Investment policies

Inspire North has a policy whereby investments are held in a moderate portfolio managed by professional advisers. The Management Committee regularly considers the most appropriate policy for investing the limited funds available within its reserves, informed by regular cash flow forecasts. The funds arose from the sale of Foundation's head office. A formal investment policy was adopted by Trustees and Charles Stanley were appointed as professional investment advisers. Investment of the net sale proceeds in a low-moderate risk portfolio commenced in May 2018 with the aim of producing a return sufficient to protect the capital and generate income greater than cash deposit rates. This aim was achieved in 2018/19 and was on track in 19/20 until the fall in the stock market at the end of March arising from the Covid-19 pandemic. Performance has been improving since the financial year end.

FOUNDATION

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

Accounting policies

The Company's principal accounting policies are set out on pages 28 to 32 of the financial statements.

Capital structure and treasury policy

Foundation does not have any loan facilities; the Company is supported by the current cash in hand of £1,586k (2020: £909k).

Pensions

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

Donations and Sponsorship

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

Payment of creditors

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

Financial instruments

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

Housing property assets

Details of changes to the Company's housing property assets are shown in Note 11 to the financial statements. Housing properties are carried at historic cost.

Financial risk management

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

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

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

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

FOUNDATION

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

Price Risk

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

Credit Risk

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

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

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

Liquidity Risk

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

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

Business Risk Register

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

- Loss of income through loss of contracts or funding cuts
- Inability to recruit suitably qualified or high calibre employees
- General Data Protection Regulation
- Impact of legal challenges
- Impact of changes in accounting treatment of pension scheme
- Potential impact of Covid-19

Value for Money (VFM):

Foundation registered with the Homes and Communities Agency (now Homes England) in January 2012 and a formal VFM strategy and policy was ratified by Trustees in February 2015. A new VFM strategy has been developed for the group which will go live in autumn 2021.

Data for 2020/21 are as follows:

- Standard of Accommodation: -
 - 97% Standard of Accommodation Excellent (2020 Customer Survey)
- Repairs and maintenance standards:
 - 95% Repairs concluded on timely basis
 - 93% Tenants happy with heating and insulation
 - 93% Tenants feel safe and secure
- Rent collected
 - 99.7% rent collected

FOUNDATION

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

- Void loss
 - 4.5%
- Bad debts
 - 195 Debts written off

These statistics represent a significant improvement on the previous year.

In addition to quantifiable financial savings the business has been targeting other areas in which we could improve VFM. Covid-19 has allowed the business to assess the benefits of home working and savings in travel costs which will inform working patterns moving forwards.

Value for Money Metrics

The 2018 Value for Money standard introduced seven metrics to be reported on across the sector. These are as follows:

1. Reinvestment (financial investment in acquiring and developing new properties) -none.
2. New Supply Delivered. This measure is not applicable as Foundation does not acquire properties. The number of properties rented can vary in relation to the contracts being delivered.
3. Gearing. Foundation does not have any debt.
4. Earnings before Interest, Tax, Depreciation, Amortisation, Major Repairs Included. This is an interest cover test that is an indicator for liquidity and investment capacity. As Foundation does not pay tax or interest, this is not a relevant measure.
5. Headline Social Housing Cost per Unit includes both owned and managed properties. The costs for Foundation were;

	2021	2020
	£ 5,793	£5,716

The decrease in costs reflects the unusual nature of the size of handbacks with associated costs in 2018/19

6. Operating Margin - this demonstrates the profitability of operating assets before non-recurring expenses are considered.

	2021	2020
➢ Social Housing lettings Only	14.6 %	13.9%

The spend on repairs was limited to essential only for a number of months. It is expected the margin will decrease again in 2021/22 as planned improvement programmes take place.

7. Return on Capital employed (ROCE) % measures the efficient investment of capital resources.

	2021	2020
	14.3%	19.7%

FOUNDATION

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

Governance

Trustees and Executive Officers

The current Trustees and Executive Officers are set out on page 1. Foundation's Management Committee (at 31 March 2021) comprises nine Trustees (three independent to Foundation; six who represent the Inspire North group) with a range of relevant skills and experience. Individually and collectively they exercise independent and objective judgement.

During 2019, a review of the sub-committee structure took place and Trustees agreed to create three sub-committees to ensure sufficient time could be given to the activities of the group. Each Trustee serves on one of the three sub-committees:

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

To support the work of the Senior Leadership Team and adopt best practice, new champion roles have been introduced within the Management Committee:

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

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

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

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

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

FOUNDATION

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

Recruitment, Appointment and Training of Trustees

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

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

Whilst the Management Committee may include Trustees who are ex-clients, co-production is ensured at a senior level within the group through client or tenant voice representation at all Trustee Meetings. Client or tenant voice representatives participating in Management Committee level meetings are provided with a thorough induction and have access to mentoring support from other Trustees, the Chief Executive and/or Group Director of Operations as required.

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

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

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

Governance

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

Executive Remuneration

The Senior Leadership Team were part of a pay review during the period for Inspire North employees only. The Pay Review did not affect Foundation employees. In addition, where appropriate, the Executive Team have received pay rises in line with NJC pay agreements alongside all relevant employees within Inspire North. Terms and conditions of employment remained unchanged.

Internal controls assurance

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

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

FOUNDATION

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

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

The group has invested heavily in improved technology and additional security measures such as Mimecast. The following key procedures are adopted which are designed to achieve effective internal financial control:

Monitoring and corrective action

Risks are monitored regularly by the senior leadership team and significant variances reported to Board committees on a quarterly basis. Should any change in risk levels occur, the reasons for the change are established and the necessary action plans are developed and taken to the Board. In addition to a corporate Group risk register, each company in the group has an additional individual risk register in place to track risks which are specific to that company. A separate risk register has been created in relation to Covid-19.

Environment and control procedures

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

Inspire North holds Environmental Standard ISO14001 and is currently working on a plan to roll this out across the group (including Foundation), monitoring the impact on our carbon footprint.

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

This action plan will be implemented through the following activity:

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

Information and financial reporting systems

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

Related parties

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

FOUNDATION

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

Statement of Trustees' responsibilities

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

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

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

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

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

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

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

Annual general meeting

The annual general meeting was held on 1 October 2020

Statement as to disclosure of information to the auditor

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

External auditor

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

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

X 
Chair: Claire Vilarrubi
Date: 14 September 2021

FOUNDATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOUNDATION (CONTINUED)

Opinion

We have audited the financial statements of Foundation for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included review of the detailed annual forecasts prepared for the company and the 5 Year Strategic Plan for the Group of which the entity forms part. We challenged management around the estimates and assumptions made in the preparation of these forecasts and plans.

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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

FOUNDATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOUNDATION (CONTINUED)

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Annual Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

FOUNDATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOUNDATION (CONTINUED)

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

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

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

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

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

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

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

21 September 2021

FOUNDATION

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £'000	2020 £'000
Turnover	3	10,964	10,229
Operating costs	3	(10,577)	(9,712)
Operating Surplus		387	517
Interest receivable and other income	5	10	16
Interest payable and similar charges	6	(46)	(103)
Movement in fair value of financial Instruments		87	(55)
Surplus on ordinary activities before taxation		438	375
Tax on surplus on ordinary activities		-	-
Surplus for the financial year		438	375
Actuarial (Loss)/gain in respect of defined benefit pension scheme	23	(1,940)	2,199
Total Comprehensive (Loss)/Income for the year		(1,502)	2,574

The notes on pages 28 to 50 form part of these financial statements.

The turnover and operating result for the year arises from continuing operations.

The financial statements on pages 25 to 50 were approved by the Board and authorised for issue on 14 September 2021 and are signed on its behalf by:

X 
Chair: Claire Vilarrubi

X 
Chair of Resources Committee: David Powell

FOUNDATION

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £'000	2020 £'000
Tangible fixed assets			
Intangible Assets	10	-	1
Housing properties	11	840	857
Other tangible fixed assets	12	<u>1</u>	<u>4</u>
Total fixed assets		841	862
Current assets			
Debtors	14	938	1,321
Investment	13	652	560
Cash and cash equivalents		<u>1,586</u>	<u>909</u>
		3,176	2,790
Creditors: Amounts falling due within one year	15	<u>(1,318)</u>	<u>(1,031)</u>
Net current assets		1,858	1,759
Total assets less current liabilities		2,699	2,621
Creditors: Amounts falling due After more than one year	16	(138)	(141)
Provisions for liabilities			
Defined benefit pension scheme liability	23	(3,063)	(1,480)
		<u>(3,201)</u>	<u>(1,621)</u>
Net (Liabilities)/assets		(502)	1,000
Capital and reserves			
Reserves	19	(502)	1,000
		<u>(502)</u>	<u>1,000</u>

The financial statements on pages 25 to 50 were approved by the Board and authorised for issue on 11 September 2021 and are signed on its behalf by:

Chair: Claire Vilarrubi

Chair of Resources Committee: David Powell

FOUNDATION

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 MARCH 2021

	General reserve £'000	Total £'000
Balance at 1 April 2020	1,000	1,000
Surplus for the year	438	438
Actuarial Loss	(1,940)	(1,940)
	<hr/>	<hr/>
Balance as at 31 March 2021	(502)	(502)
	<hr/>	<hr/>

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

The Company is registered under the Companies Act 2006 and is registered with Homes England (previously the Homes and Communities Agency) as a social landlord. The Company is limited by guarantee and is a registered charity. The address of the Company's registered office and principal place of business is 3 Limewood Way, Seacroft, Leeds, West Yorkshire, LS14 1AB. The Company's principal activities are provided on page 3.

Basis of Preparation

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Accounting Direction for Private Registered Providers of Social Housing 2019, and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Reduced disclosure

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

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

The financial statements of the company are consolidated in the financial statements of Inspire North, a charitable company limited by guarantee (company number 11568263) and also a charity registered in England and Wales (charity number 1180693). These consolidated financial statements are available from its registered office, 3 Limewood Way, Leeds, United Kingdom, LS14 1AB.

Basis of consolidation

The company has taken advantage of the exemption in section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of the company as a single entity.

Going Concern

The Trustees have prepared these financial statements on the going concern basis. The Trustees have prepared detailed annual forecasts and the company is included in the Group 5-year strategic plan. The Trustees believe that the Charity will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. The Trustees have further prepared a 5 Year Financial Plan to March 2023. Based on the information currently available in respect of the future, the Trustees consider that the Charity has the plans and resources to manage its business risks successfully. The pension liability of £3,063 has created a net liabilities position of £502k but Trustees believe the pension commitments can continue to be met.

Our services and funding continue to be at risk from cuts to Local Authority funding and Trustees recognise that this risk has increased given the current economic climate and the potential for major local authority spending cuts.

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (continued)

Turnover

Turnover comprises rental and service charge income receivable in the period, other services provided at the invoice value (excluding VAT) and revenue grants receivable in the period. Grants and other income are recognised in the year in which entitlement exists and the amount can be measured with reasonable certainty and measurability. Income such as donations and gifts is accounted for as received by the company at the fair value at the time of receipt.

All other turnover is recognised as the service is provided.

Service Charges

The Company reviews the costs of delivering its services to its clients/tenants on an annual basis and sets the charges based on these costs.

Taxation

As a charity the Company is exempt from tax on income and gains falling within Chapter 3 Part II Corporation Tax Act 2010 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity.

The company's trading subsidiary is liable to corporation tax on its taxable profits.

Value Added Tax

Although Foundation is partially exempt from VAT, the amount of taxable income is so small relative to overall turnover, VAT is only recovered at 1% of VAT incurred and therefore VAT effectively represents a 20% additional cost to the Company where charged.

Interest Payable

Interest payable is charged to the Statement of Comprehensive Income in the period it falls due.

Pensions

Defined contribution scheme costs are accounted for in the period in which they are incurred. Any differences between costs incurred and cash payments made are included as accruals or prepayments. Foundation is a member of the Social Housing Pension scheme administered by The Pensions Trust. The current scheme is a Defined Contribution scheme as the Defined Benefit scheme was closed as at 31 March 2013. It was previously not possible to identify the share of underlying assets and liabilities belonging to individual participating employers. However, sufficient information is now available to identify this since 31 March 2019 and, consequently, the SHPS can now be accounted for as a defined benefit scheme. The valuation of the liabilities has increased the deficit owing to the prevailing government bond rates and this has returned the balance sheet to a deficit position.

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting Policies (continued)

Social Housing and Other Grants

Grants in respect of revenue expenditure are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate. Grants in respect of capital expenditure are credited to liabilities and released over the life of the associated asset.

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

Contract Income

Charges for support services are recognised as they fall due under the contractual arrangements with Administering Authorities.

Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The holiday year ends at the reporting date and employees are entitled to carry forward up to five days of unused leave at that date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for the termination of benefits is recognised immediately as an expense when Foundation is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Housing Properties

Housing properties which are carried on the statement of financial position at cost.

The estimated useful lives applied to the components of these, which are detailed below.

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

Management have considered the impairment review rules and concluded that there are no indicators of impairment at this time. Accordingly, no detailed impairment review has been performed. Only three properties are let for social housing, the remaining six properties are managed by Foundation Stone and let to non-social housing tenants.

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

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

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting Policies (continued)

Housing Properties (continued)

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

Investments

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

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

Management of liquid resources

Liquid resources are readily disposable current asset investments and cash at bank and in hand. In the event that the Company has money market deposits held for more than 24 hours, they can be withdrawn without penalty on maturity or by giving notice of more than one working day.

Intangible Fixed Assets

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

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

Purchased computer software	3 years
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Amortisation is revised prospectively for any significant change in useful life or residual value.

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

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis, at rates considered appropriate to write off the assets over their effective working lives as follows:

Freehold Properties	over 25 years
Fixtures, fittings and equipment	over 10 years or over life of the lease
Other tangible fixed assets	over 3 years

Operating Leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting Policies (continued)

Reserves

The Company establishes restricted reserves for specific purposes where their use is subject to external restrictions and designated reserves are earmarked for a particular purpose.

Financial instruments

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

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

Financial assets

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

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

Other financial assets, including investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

Financial liabilities

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

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

Derecognition of financial assets and liabilities

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

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

2 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic lives of tangible assets

The annual depreciation charge for tangible fixed assets is sensitive to the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 11 and 12 for the carrying amount of tangible fixed assets and note 1 for the useful economic lives of each class of assets.

Financial instruments

The Company enters into basic financial instrument transactions that meet the criteria of a basic financial instrument as defined in FRS102 Section 11, and that result in the recognition of financial assets and liabilities such as trade and other debtors and trade and other creditors. Where cash levels permit, the company invests in short term quoted investments. These instruments are initially recorded at the transaction price less any transaction cost (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however, the Company has calculated that the difference between the historical cost and amortised cost is not material and therefore these financial instruments are stated on the statement of financial position at historical cost.

Provision for bad and doubtful debts

The provision is calculated to cover the likelihood of rental income due from tenants not being received. The provision takes into account the age of the outstanding balance and whether it is payable through Housing Benefit or client contributions. Details of the provision are disclosed at note 14.

Defined benefit pension scheme

The present value of the Social Housing Pension Scheme (SHPS) defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. During the prior period, the SHPS is now able to be accounted for as a defined benefit scheme and the accounting has been changed from defined contribution scheme in the previous period.

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

3 Turnover, cost of sales, operating costs and operating Surplus/(Deficit)

Continuing activities

	Turnover £'000	2021 Operating Costs £'000	Operating Surplus/(Deficit) £'000	Turnover £'000	2020 Operating Costs £'000	Operating Surplus/(Deficit) £'000
Social housing activities						
Income and expenditure from lettings	4,977	(4,249)	728	4,555	(3,881)	674
Other social housing activities						
Supporting people contract income	5,775	(6,123)	(348)	5,358	(5,511)	(153)
Other social housing income and expenditure	20	(19)	1	-	-	-
Non-social housing activities	192	(186)	6	316	(320)	(4)
Total	10,964	(10,577)	387	10,229	(9,712)	517

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

3 Turnover, cost of sales, operating costs and operating surplus/(deficit) (continued)

Particulars of income and expenditure from social housing lettings

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

4 Accommodation in management and development

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

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

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

5 Interest receivable and other income

	2021 £'000	2020 £'000
Net finance income	-	-
Bank interest	10	16
	<u>10</u>	<u>16</u>

6 Interest payable and similar charges

	2021 £'000	2020 £'000
Pension scheme – net finance charge	46	103
	<u>46</u>	<u>103</u>

7 Operating Surplus

This is arrived at after charging/(crediting):

	2021 £'000	2020 £'000
Release of capital grant	(3)	(3)
Depreciation of tangible fixed assets	32	76
Amortisation of Intangible fixed assets	1	1
Operating lease rentals		
- land and buildings	218	225
- office equipment	2	3
External Auditor's remuneration (including VAT)		
- external audit services	15	15
- accountancy and taxation services	1	1
	<u>1</u>	<u>1</u>

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

8 Employees

The average monthly number of persons employed during the year was:

	2021 Average Number	2020 Average Number
Charitable work	168	171
	168	171

Support staff all TUPE'D into the parent company Inspire North. All staff employed in Foundation are considered front line workers delivering its charitable objectives.

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

	2021 Average FTEs	2020 Average FTEs
Charitable work	139	140
	139	140

Employee costs:

	2021 £'000	2020 £'000
Wages and salaries	3,743	4,041
Social security costs	284	271
Other pension costs	114	102
	4,141	4,414

The Company's employees were eligible to be members of the Social Housing Pension Scheme. Further information on the scheme is given at note 23.

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

9 Executive Officers' and senior staff emoluments

	2021 £'000	2020 £'000
Aggregate emoluments paid to all Executive Officers, excluding pension contributions	-	-
Aggregate amount of all Executive Officers' pensions	-	-
Aggregate amount of all Executive Officers' Employer's NI Contribution		
Emoluments of the Chief Executive, who was also the highest paid employee, excluding pension contributions	-	-
Pension Contributions	-	-

No employee received emoluments of more than £60,000.

Executive officers are entitled to the same company pension contributions into a defined contribution scheme as all other employees. The Chief Executive and Executive Officers are deemed to be the key management personnel of the Charity. Executive remuneration has decreased following the transfer of the team to Inspire North during 2018.

The Memorandum and Articles of the Charity allow the payment of reasonable reimbursed expenses to Board Trustees and a nominal allowance to Board Trustees drawn from our customer base for the undertaking of additional tasks to inform the internal systems of the Charity. The expenditure for the year is made up of:

	2021 Number	2020 Number
Number of Trustees who were paid expenses	-	1

No Trustee expenses paid in 2021 (2020: £133) comprise travel and sundry expenses attendance allowances.

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

10 Intangible fixed assets

	Purchased computer software £'000
Cost	
At 1 April 2020	169
Additions	-
	<hr/>
At 31 March 2021	169
	<hr/>
Amortisation	
At 1 April 2020	168
Charge for year in operating costs	1
	<hr/>
At 31 March 2021	169
	<hr/>
Net book value	
	-
At 31 March 2021	<hr/>
	<hr/>
At 31 March 2020	1
	<hr/>
	<hr/>

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

11 Tangible fixed assets – housing properties

	Social housing properties held for letting £'000
Cost	
At 1 April 2020	1,179
Additions	12
	<hr/>
At 31 March 2021	1,191
	<hr/>
Depreciation	
At 1 April 2020	322
Charge for year	29
	<hr/>
At 31 March 2021	351
	<hr/>
Net book value	
At 31 March 2021	840
	<hr/>
At 31 March 2020	857
	<hr/>

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

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

12 Other tangible fixed assets – Other

	Office/Leasehold Fixtures £'000	Furniture Equipment £'000	Computer & Accessories £'000	Total £'000
Cost				
At 1 April 2020	165	29	26	220
Additions	-	-	-	-
At 31 March 2021	165	29	26	220
Depreciation				
At 1 April 2020	164	26	26	216
Depreciation charge for the year	1	2	-	3
At 31 March 2021	165	28	26	219
Net book value				
At 31 March 2021	-	1	-	1
At 31 March 2020	1	3	-	4

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

13 Investments

	Quoted investments £'000 Valuation	Investment in subsidiary £ Cost
1 April 2020	561	1
Fees and Charges	(5)	-
Income received	9	-
Market movement	87	-
At 31 March 2021	652	1

The investment in subsidiary represents the 100% holding of the issued share capital of Foundation Stone Enterprises Limited, registered office 3 Limewood Way, Seacroft, Leeds, LS14 1AB. The company delivers housing related legal services and a social lettings agency. Quoted investments includes investment gain and income received of £87k and £9k respectively and charges incurred of £5k. They consist of a portfolio of low risk equity and debt holdings managed by Charles Stanley.

14 Debtors

	2021 £'000	2020 £'000
Rent and service charges receivable	616	491
Less: provision for bad and doubtful debts	(163)	(167)
	453	324
Amounts due from group undertakings	2	184
Other debtors	276	516
Prepayments and accrued income	207	297
	938	1,321

15 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	211	199
Other taxes and social security	72	65
Other creditors	168	159
Accruals	323	313
Deferred income	541	291
Deferred government grant (note 17)	3	4
	1,318	1,031

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

15 Creditors: amounts falling due within one year (continued)

Deferred income includes £15,556 of underspend (2020: £15,556) relating to a project in North Yorkshire working with disadvantaged young people funded by the Big Lottery Reaching Communities Scheme. The project finished on 2 October 2018.

16 Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Deferred government grant (note 17)	138	141

17 Deferred government grant

	2021 £'000	2020 £'000
Balance at 1 April	143	146
Additions	-	-
Released during the year	(3)	(3)
Balance at 31 March	140	143

18 Financial instruments

	2021 £'000	2020 £'000
Carrying amount of financial assets		
Measured at fair value	651	561
Measured at amortised cost	842	1,181
Carrying amount of financial liabilities		
Measured at amortised cost	778	740

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

19 Reserves

	Undesignated Reserve £'000	Designated Reserve £'000	General Reserve £'000
At 1 April 2020	557	443	1,000
Surplus for the year	438	-	438
Actuarial Loss	(1,940)	-	(1,940)
Transfers to general reserve	9	(9)	-
At 31 March 2021	(936)	434	(502)

Designated Reserves	1 April 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	31 March 2021 £'000
St Peter's Building	315	-	(6)	-	309
Innovation and Project Development	-	-	-	-	-
Scarborough Property Fund	128	-	(3)	-	125
Total designated reserves	443	-	(9)	-	434

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

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

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

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

20 Capital commitments

The Company had no capital commitments as at 31 March 2021 (2020: none).

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

21 Other commitments

At 31 March 2020 the Company had total future minimum payments under non-cancellable operating leases as follows:

	Land and Buildings		Other	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Expiry Date:				
Within one year	156	177	1	1
Between two and five years	201	188	-	1
	357	365	1	2

The notice period required for termination of agreement on tenant accommodation, rented by the charity, is less than one year with the majority requiring one month. Therefore, the rental cost of tenant accommodation is not included in the operating lease commitments.

22 Contingent liabilities

The company had no contingent liabilities at the balance sheet date.

23 Pension Obligations

	31 March 2021 £'000	31 March 2020 £'000	31 March 2019 £'000
Present value of provision	3,063	1,480	3,972

The company participates in the Social Housing Pension Scheme (the Scheme), a multiemployer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. (September 2020 valuation results are pending.) This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme. For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

23 Pension Obligations (continued)

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2020 to 29 February 2021 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

Reconciliation of opening and closing provisions

	Period Ending 31 March 2021 £'000	Period Ending 31 March 2020 £'000	Period Ending 31 March 2019 £'000
Provision at start of year	1,480	3,972	2,222
Interest Expense	31	88	82
Expenses	15	15	15
Deficit contribution paid	(403)	(396)	(386)
Remeasurements	1,940	(2,199)	909
Adjustment on recognition as DB scheme	-	-	1,130
Provision at end of year	3,063	1,480	3,972

Income and expenditure impact

	Period Ending 31 March 2021 £'000	Period Ending 31 March 2020 £'000	Period Ending 31 March 2019 £'000
Interest expense	31	88	82
Remeasurements – impact of any change in assumptions	-	-	-
Expenses	15	15	15
Costs recognised in income and expenditure account	46	103	97

ASSUMPTIONS

	31 March 2021 % per annum	31 March 2020 % per annum	31 March 2019 % per annum
Rate of discount	2.18	2.37	2.31

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

23 Pension Obligations (continued)

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

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

Key assumptions

	2021 %
Discount rate	2.18
Inflation (RPI)	3.27
Inflation (CPI)	2.87
Salary growth	3.87

Mortality assumptions

Assumed life expectations on retirement at age 65:

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

Amounts recognised in the income statement:

	2021 £'000
Expenses	15
Net interest on defined benefit liability	31
	46

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

23 Pension Obligations (continued)

Amounts taken to other comprehensive income

	2021 £'000
Experience gain on plan assets	1,023
Experience gain on plan liabilities	163
Effect of changes in demographic assumptions	(57)
Effect of changes in the financial assumptions	(3,069)
	<hr/>
Total actuarial loss	(1,940)
	<hr/>

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

	2021 £'000
Present value of defined benefit obligation	15,695
Fair value of plan assets	12,632
	<hr/>
Deficit in scheme	(3,063)
	<hr/>

Movements in the present value of defined benefit obligations:

	2021 £'000
Liabilities at 1 April 2020	12,860
Expenses	15
Interest cost	300
Actuarial gain due to scheme experience	(163)
Actuarial losses due to changes in demographic assumptions	57
Actuarial losses due to changes in financial assumptions	3,069
Benefits paid	(443)
	<hr/>
At 31 March 2021	15,695
	<hr/>

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

23 Pension Obligations (continued)

Movements in the fair value of plan assets:

	2021
	£'000
Fair value of assets at 1 April 2020	11,380
Interest income	269
Experience on plan assets	1,023
Contributions by the employer	403
Benefits paid	(443)
	<hr/>
At 31 March 2021	12,632
	<hr/> <hr/>

The actual return on plan assets was £1,292,000

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

	2021
	£'000
Global equity	2,014
Absolute return	697
Distressed opportunities	365
Credit relative value	398
Alternative risk premia	476
Fund of hedge funds	1
Emerging markets debt	510
Risk sharing	460
Insurance-linked securities	303
Property	262
Infrastructure	842
Private debt	301
Opportunistic Liquid Credit	321
High Yield	378
Opportunistic Credit	346
Corporate bond fund	746
Liquid Credit	151
Long lease property	248
Secured income	525
Liability driven investment	3,211
Net current assets	77
	<hr/>
	12,632
	<hr/> <hr/>

FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

24 Results of the subsidiary company

The wholly owned trading subsidiary, Foundation Stone Enterprises Limited (company number 08895921) is incorporated in England and Wales and has a registered office of 3 Limewood Way, Seacroft, Leeds, LS14 1AB.

The summary financial performance of the subsidiary is as follows:

	2021 £'000	2020 £'000
Income	210	191
Expenditure	(438)	(307)
Write-back of Inter-co balances	630	-
Surplus/(Loss) for the period	402	(116)
	==	==

The net liabilities of Foundation Stone Enterprises Limited at 31 March 2021 were (£41k) (2020:£443k).

25 Related parties

There were no disclosable party transactions during the year other than those already disclosed in note 9.

26 Parent Company and Controlling Party

Inspire North, a company registered in England and Wales, is the immediate and ultimate parent company. This is the parent of the smallest and largest group for which consolidated accounts including Foundation are prepared. In the opinion of the directors, there is no single ultimate controlling party. The consolidated accounts of Inspire North can be obtained from the charity's registered office: 3 Limewood Way, Seacroft, Leeds, LS14 1AB.