



Spurgeons
Annual Report and Accounts
2019/20

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Trustee Report

Welcome from our Chair of Trustees and the Chief Executive

“We must do business in great waters; we must be really on the deck in a storm, if we would see the works of the Lord and His wonders in the deep.” Charles Haddon Spurgeon

The past twelve months have been a year of preparation. That is not to say that we have been treading water because it has been another remarkable year of progress on many fronts.

Readers of this year’s report will note the tremendous impact Spurgeons has made during 2019/20, positively impacting the lives of tens of thousands of children and parents, transforming the lives of thousands of families, and protecting over 1,000 children and young people from harm. These numbers represent individual lives that have been changed for the better – a young girl protected from a sexual predator who was grooming her online, a father in prison who started to read bedtime stories to his son, a young carer who no longer feels alone, a mum who understands that her partner’s coercive control is abuse, diminishing her and her children’s lives; these are just a snapshot of the stories of lives transformed by Spurgeons every day.

We celebrate the diversity of our work over the last year, the development of our workforce, the strengthening of our systems and processes, the deepening of our partnerships, and another strong financial performance. This is what enables us to change lives for good. All of it is achieved through hard work and by God’s grace.

During the past year we have started work on our post-2020 strategy, establishing many of the key principles upon which our future development will be based. We are excited about the strong foundation we have created to build new ambition upon - ready for change. However, little did we know how much change was in store for Spurgeons and the country in 2020.

The measures introduced to deal with the Coronavirus pandemic are unprecedented. This season has amplified the best and the worst; immense challenges and unexpected opportunities. Spurgeons has responded in ways that have highlighted the dedication of our employees. They have shown compassion, creativity and resilience in seeking to support and care for the vulnerable. Our team is a team of ‘key workers’.

We are also grateful for our generous supporters who continue to encourage us, and for the understanding of commissioners in the continuity and help they have provided.

As the country looks to emerge from lockdown, fearful of a second wave of infections, the children, young people and families we work with are likely to be the worst affected and most in need of help. We are entering deep waters; the storm may yet rage even harder.

Spurgeons will be 'on deck', ready to act, confident that the God who has protected and provided for our past needs, the One who has called us into His mission, will do His work through us in the years ahead. As we commemorate the endeavours of the past year we prepare to see wonders in the 'deep' that may well come.

Andrew Caplen
Chair of the Board of Trustees

Ross Hendry
CEO

Spurgeons Objects and Articles

Spurgeons is a Christian children's charity founded in 1867 by Charles Haddon Spurgeon. Our formal Articles of Association state that: *'The Charity's Objects, which are carried out in the context of the charity's Christian foundation and history and are for the public benefit, are to advance in life and help children and young people, their families and carers who are in need of care and protection, in particular, but not exclusively, by the provision of education, support services, social care, maintenance, vocational training and financial assistance.'*

While these Articles set out who we are and all that we do, they do not readily describe how we work, what projects we run to achieve these Objects, or the impact we realise.

Spurgeons story began with the Christian ministry of Charles Haddon Spurgeon and a £20,000 (around £2.5 million today) donation by Anne Hillyard for the very specific purpose of helping fatherless boys. Since the opening of the Stockwell Orphanage in 1867, Spurgeons has changed a great deal. Today we mostly seek to keep families together by getting involved in their problems at an earlier stage, and we carry out our work in numerous ways and in many different locations around England. Our workforce is diverse and multi-talented, reflecting the many different groups we work with. Yet we remain guided and motivated by our Christian faith and, as such, see ourselves at the heart of communities, strengthening our society by delivering intervention and support services to improve the lives of vulnerable children and families.

Our Vision, Mission, Values and who we seek to help

Spurgeons Vision is to see all children equipped, empowered, and inspired in ways that enable them to realise the fullness of their potential. This Vision is rooted in the Christian faith which, in turn, shapes our Mission to provide support for children, young people and families who are experiencing difficulties or challenges, so that they can have a better present and a hopeful future.

Spurgeons is committed to delivering its Mission by working with children, young people and families who:

1. are disadvantaged or struggling to cope with their difficulties,
2. carry emotional burdens and heavy responsibility, and/or
3. have been, or are, at significant risk of being harmed or exploited.

What kind of work do we do? How many people do we work with?

Our ambition to support and serve these three groups means that we deliver many different projects.

A snapshot of what we do

In the year up to the end of March 2020 Spurgeons ran 50 projects and services which were delivered in 22 Local Authority areas across England. This brought us into contact with 29,835 children and young people and 33,232 adult family members. Of these, we worked intensively with 3,095 children and young people to directly help them overcome the challenges they faced and reduced their vulnerability and disadvantage. We make every effort to protect the children we are concerned about from harm, and in the last year we responded to safeguarding incidents that directly or indirectly affected 1,022 children. We saw each one of these cases through to the conclusion of the safeguarding concerns we raised about them. 37 adults were also safeguarded through this activity.

In summary, our projects can be broken down as follows:

- 33 (66%) that deliver Family Support services. These include *Children's Centres*, some newly introduced *Family Centres*, delivering the *Separated Parents Information Programme* for CAFCASS, and our *Together for Families* projects, working with churches.
- 12 (24%) projects based in prisons, where we run programmes with dads to help them build healthy relationships with their children, provide support for children in families impacted by having a father inside, and running child and family-friendly visitors' centres.
- 3 (6%) *Young Carers* projects, where we support children and young people who are having to support, or care for significant adults in their lives.

- 2 (4%) projects that are specialist services, specifically designed to tackle complex problems, such as our *BeLeave* service, responding to gang-associated risk for girls and young women, and *Norwich Connect*, tackling Domestic Abuse in the East of England.

Through our 50 services and projects, we delivered 274 different strands of work, from holiday kitchen clubs to baby massage sessions, from the *Freedom Programme*, for those experiencing domestic abuse, to the *Triple P Parenting Programme* that helps parents gain confidence and new parenting skills. Our work involved producing and distributing in-cell parenting packs for dads in prison, pre-school programmes to prepare children, and their parents, for starting school, *Pattern Changing* group sessions for those who have experienced domestic abuse, and many more evidenced-based programmes that transformed thousands of lives in the past year.

Our impact and feedback from the families we support

Our success is not measured simply by volume. Over the past five years we have invested a great deal of time and resource into measuring our impact. In the majority of our projects, Spurgeons Outcomes and Impact Framework is used to measure the difference we make. We support each service to develop their own Theory of Change that sits within our organisational Vision and Mission and provides focus for the evidence-based interventions we choose to use, and how we measure the difference we have made.

The data and evidence we collect is both quantitative and qualitative, based on our service users' own perceptions, as well as an assessment by our staff. This is how we know that the support we provide continues to be extremely well regarded and impactful.

We know this because we follow up our work by asking service users about the difference we have made, as well as using recognised measurement tools to objectively measure our impact. 98% of service users who gave us feedback agreed they were treated well through our services (sample: 4,506). Our service users' recommendations of Spurgeons give us a Net Promoter Score of +56 across a sample of 1893, with 85% of a sample of 582 stating that they would be more likely to accept help from support services, including Spurgeons, in the future following the service they received.¹

¹ For more on the difference we made in the lives of these families, please see the *Achievements and Performance* section (below).

What our services users say about us²

"Thank you for being the much-needed support that you gave during the hard times."
Birmingham Young Carers

"Before working with Family support, I was very unsure about my capabilities of parenting. I now feel much more confident". Wiltshire Children's Centres

"They are kind and non-judgemental and cheerful."
Bure Prison Family Services

These results tell us two things. First, according to the official NPS categorisation system, we are a 'great' organisation, performing well above the UK average. Second, this measure can be used as a proxy for loyalty and shows that children and families put their faith in Spurgeons to make a difference in their lives.

How families find us

Most of the families we see are referred to us by other agencies, or come to know about us through the outreach from our own staff. However, some families come to Spurgeons directly because other potential sources of help – whether Statutory Agencies or other charities – are overwhelmed by demand. Spurgeons increasing involvement in such projects is evidence of other agencies or organisations either not having the capacity or capability to help with families' complex problems, or that other bodies offering support in the past have had to close, or cut back significantly, due to a lack of funding. We fear that this will increasingly be the case in the aftermath of the COVID-19 pandemic, with possible cuts in funding to local services.

Spurgeons is not immune to the pressures on funding, especially statutory funding for early intervention. However, our financial position, and having a clear Mission rooted in the Christian faith, means that we have the opportunity to respond to these pressures; these are aspects to be considered and taken into account as we plan for the future.

² All the quotes included in speech bubbles throughout this Report are taken directly from Service User Feedback forms completed between July and December 2019.

What our Service Users say about us³



Speaking out on behalf of our beneficiaries

One of our strategic objectives is to speak up and speak out on behalf of our beneficiaries. We do this on a daily basis across all the communities in which we work. At a project level, Spurgeons employees and volunteers advocate for children and families who are often ignored, overlooked, or dismissed.

Whether it is a conversation with a teacher or housing officer, or helping make connections with other agencies, groups or individuals, Spurgeons speaks up for those we work with in countless ways.

Speaking out is about speaking up in a more public way. Spurgeons primary role is to deliver practical support to vulnerable children, young people and families. We

³ This Word Cloud was generated by service users’ responses to the question: *What is the most important thing, big or small, that your Spurgeons service has done to help?* It is created from the 410 responses collected in Q3 of 2019/20. ‘Help’, ‘Helpful’ and ‘Helped’ have been removed from this word cloud to help understand the comments in a wider picture, in addition to ‘child’ and ‘children’ which also feature very prominently.

have only a small engagement team that is responsible for fundraising and communications because we want to direct as much resource as we can to front-line work.⁴ Any campaigning or public engagement we do is derived from our experience of providing services and working directly with our three client groups.

Each year our annual *Have Your Say* staff survey has included questions about what our employees see as the key challenges and needs facing children and families. Recent years results have consistently pointed to the same issues:

- mental health (of both parents and children),
- domestic violence and abuse,
- poverty, and
- family relationship/ parenting problems

Our employees tell us that these issues are exacerbated by service cuts and the difficulty in accessing support. This data, supplemented by timely surveys and internal calls for evidence, has informed submissions to Parliamentary Inquiries and public consultations, shapes which sector campaigns we choose to be a part of (e.g. *End Child Poverty* campaign), and supports positive news stories about our beneficiaries across different media outlets. Over the 12 months to the end of March we were involved in 98 media pieces, including a BBC programme on Young Carers, a regular comment column in the Church of England Newspaper, and numerous local and regional newspaper and radio interviews. Our aim is to celebrate our work, our service users, and inform key audiences.

Working with churches and other partners

Churches remain a key source of support, partnership and encouragement to Spurgeons. Although we are not an organisation that seeks to evangelise through the preaching and teaching of the Christian Gospel, we nonetheless are keen to express and proclaim the love of Jesus Christ in and through our work.

In this sense, churches are natural partners in our Mission, and this is reflected in the work that we do, at local, regional and national levels.

In the past year the majority of our projects had links with local churches, and we have benefitted from their help and generosity through the use of church buildings, gifts-in-kind, volunteers, and the raising of funds to support our work.

One of the expressions of our partnership with local churches remains the *Together for Families* programme. Through this initiative, we aim to link Spurgeons services

⁴ Using the sector standard measurement convention we spend 96 pence in every pound of income on delivering our services.

with local churches and communities, to run groups and activities for families affected by social and geographic isolation. We employ four members of staff to undertake this work in different parts of the country where we have projects. *Together for Families* staff in East Northamptonshire and Peterborough saw 1,500 families in 2019/20, whilst the project in Faringdon and Wiltshire saw 1,106 children. In total 67 churches or faith groups worked with all of our *Together for Families* projects. We see this work as important in helping extend Spurgeons' reach across communities, and in equipping churches to reach isolated families.

Our partnership with local churches is just one expression of working with local communities and other groups. In total, there were 443 local partner agencies and teams working with our services during 2019/20. This demonstrates our commitment to expanding our work in local communities with our Mission being lived out in practice through local groups.

Fundraising and income generation

The large majority of our income comes from contracts with different parts of the Public Sector. Funding from Local Government remains our main source of funding, followed by the prison sector (HMPPS). The level of funding we receive from these sources is set out in the *Financial Review* section (below). We see each of these contracts as a privilege and an invitation to work with a range of partners in various communities and settings.

During the year ending March 2020 we were awarded 6 new contracts and over 30 charitable grants. This meant that we could continue and extend our work with Young Carers in Birmingham, families affected by imprisonment in HMP Winchester, and girls involved in gangs in Birmingham. We also started new work in new areas of the country, including a 0-19yrs family support service in Elmbridge, Surrey. Taken together our Business Development, Grants, and Trusts Team outperformed the income targets we set at the start of the year.

Voluntary Income accounts for much less of our income, although it remains important to our identity and to our sense of partnership with supporters and local communities. It is for these reasons that we seek to grow this area of funding. In 2019/20 our Voluntary Income totaled £1,328,000; of this, £979,000 was restricted income and £349,000 unrestricted income.

We reduced the cost of our fundraising activity and reorganised how we work through the creation of an Engagement Team that has brought together individual and church giving with communications staff.

While our supporter base is relatively small, we are very grateful both for the generosity of our donors, and the success we have had in being awarded significant voluntary income grants. These have enabled us to start new work and continue to meet unmet and often complex needs.

Our commitment to Fundraising Good Practice

Mindful of our commitment to ethical fundraising and respecting our supporters and others who donate money to our work with vulnerable children and young people, we regularly monitor our campaigns and the nature of any complaints we receive. Wherever possible, we seek feedback directly from our supporters. All of our policies and procedures are informed by the Fundraising Regulator's *Code of Fundraising Practice v2.0* and, in reviewing our work; we seek to achieve best practice, not just legal compliance.

We are committed to open and honest communication with our supporters and members of the public in a way that they are comfortable with. Where we do not live up to this commitment we are keen to receive feedback, learn, and improve.

During 2019/20 our Engagement Team has responded to supporters who have provided their views, orally and in writing, on how our fundraising activity could be done differently, in some cases where we could have done better, and we have always acknowledged how much this is appreciated.

The positive nature of our relationship with supporters means that the number of formal complaints we receive is very low (this is recorded as the number that are escalated as part of our official complaints policy as set out on our website www.spurgeons.org). During 2019/20 we received no complaints relating to fundraising through our formal complaints process and we were not made aware of any complaints made about us to the Fundraising Regulator.

We also want our supporters to feel as if they are partners in our work. At the start of 2020 we contacted all of our regular supporters, and spoke to a number of influential churches across the UK, to understand the children's issues that most resonate with them. 25% of our supporters responded to the survey, and this has proved to be an important means of deepening the dialogue with our supporter base.

Our public benefit

The sections set out above reflect Spurgeons ongoing commitment to operate in accordance with public benefit requirements. As such, the Trustees give due regard to the Charity Commission's public benefit guidance in making decisions, when

exercising their powers or duties set out in legislation and in Spurgeons Articles of Association.

As a Christian children's charity, we believe that this approach is consistent with our pursuit of the Common Good. This is a doctrine that Christians through the ages have held to be an essential part of their faith. We continue to 'seek the peace and prosperity' in each area of our work, working with the three groups of children and young people we seek to equip, empower and inspire (cf. Jeremiah 29:4-7). By using our resources in this way we hope to see some of the most vulnerable and disadvantaged children thrive, and communities flourish.

What our services users say about us

"I have had a difficult few months regarding my mental health. My weekly visits to group are a massive help. [Staff] are so supportive. They constantly remind me that I am doing a great job and I am worthy." Wiltshire Children's Centres

"Listened to me and helped me." Orton Children's Centre

"Been consistently brilliant in their support. The continuity is excellent and it's lovely to be recognised and remembered." Lewes Prison Family Services

"Thank you, Made me realise how much potential I have." Birmingham Young Carers

"I had fun, Yes I had a very epic time here." Birmingham Young Carers

"They accept me as I am." Wolverhampton Young Carers

Who are our employees?

On 31 March 2020 Spurgeons employed a total of 374 members of staff, plus 57 colleagues on secondment from other bodies. The nature of our work and the sector we work in, as well as colleagues' personal circumstances, means that many of these employees have casual contracts (13%), or work part-time (36%). This means that about a half (51%) of our paid team are full-time Spurgeons employees. 91% of our workforce stated their gender as female and 64% declared their ethnicity as 'white'. There is no such thing as an 'average' employee, but from a statistical perspective, based on our HR data, the 'average' Spurgeons employee is a 42-year old woman, working approximately 30 hours a week.

Equal opportunities

One of our core values is to be inclusive. This means that we recognise each person as a unique individual, treating them with respect and celebrating diversity. We express this through our Equality and Diversity Policy.

This Policy clearly states that we will provide equal opportunities to all job applicants and employees regardless of race, nationality, ethnic origin, marital status, religion or belief, gender, disability, sexual orientation, age or employment status.

Full details of our Equality and Diversity Policy can be found on our website www.spurgeons.org.

An example of how this is applied in practice is with our support for disabled colleagues. As an employer, Spurgeons will not discriminate against a disabled person for a reason that relates to their disability, or treat them less favourably than a non-disabled person. We will conduct an individual risk assessment for every applicant, employee or volunteer with a disability. This will identify any reasonable adjustments that need to and can be made to the workplace or role, in order for the person to contribute fully to our work.

In the light of the demonstrations linked to the killing of George Floyd in the US and how this has shone a spotlight on direct and indirect racism in the UK, Spurgeons will take time to listen to the experience of our BAME employees, volunteers, and service users, and work with them to strengthen the way we work in the future.

There are a small number of roles in Spurgeons that have an Occupational Requirement (OR) to be a Christian. There are less than ten (10) posts that have an OR. They are currently limited to the Senior Executive Team, Head of Engagement, one fundraising post, and every *Together for Families* worker.

What our staff think about Spurgeons

Results from the annual *Have Your Say* Spurgeons staff survey, conducted in February and March 2020, revealed that 99% of our staff said that they were proud to work for Spurgeons (95% in 2018/19). 99% of respondents said that the work we do for children and young people makes a difference (99% in 2018/19).

Have Your Say has run annually since 2013, and recent editions have considered three key areas: motivation, support, and engagement. Together with an analysis of annual appraisal feedback and informal staff engagement during the year, the survey has helped drive and focus organisational improvement and development. Each year, when we report the results of the survey, we are clear on how well we

delivered on the previous year's commitments, and state how the results will influence what we seek to change over the next 12 months.

One of our priorities in recent years has been on developing a sense of mission and the importance of living our organisational values. This year's results show the progress we have made on that front with 96% of our team agreeing with the statement "I believe Spurgeons' core values influence the way I work"; 93% of respondents agree with the statement "I feel a sense of belonging to Spurgeons", while 80% believe Spurgeons supports their colleagues well in times of change and uncertainty.

**The Best Thing about Working for Spurgeons:
Staff Comments from Have Your Say 2020**

Being told by a parent with very poor mental wellbeing that my approach to her was sensitive supporting and made her feel very comfortable doing work with me

Watching a family in the prison visiting hall play a game I had taught them without my participation.

I get to do the job I love.

I was listened to when suggesting a service in a certain areas and allowed to arrange it.

I feel that Spurgeons are a friendly, helpful caring organisation to work for.

The text and calls I receive from parents/families/ young carers motivates me to further help other families as I see the impact my support has had on families

My favourite skill being recognised and acknowledged

We have already shared the full results of the survey with all of our employees and are rightly proud of how we perform against other organisations in the same sector and wider economy.

How we support our volunteers

Volunteers are an essential and an important part of our workforce. Over the course of 2019/20, hundreds of people volunteered their time to help us deliver transformative services to children, young people and families. At the close of the year we had 221 active volunteers. This is an increase of over one third from the same point in 2019 and does not include the many more that will have assisted us for short periods of time during the course of the year.

We want to thank all of our volunteers for their selfless service and helping us transform thousands of lives. The story of one of our 2019 Volunteer Award winners highlights the contribution they make to Spurgeons and their community.

Courtney's story

The 2019 Spurgeons Wiltshire Volunteer of the Year Award went to a young mum from Salisbury who gives her time to help other young mums at two local breastfeeding support groups.

For 18 months, Courtney Pickering has regularly taken buses with her one-year-old son, Noah, to help at *Mum2Mum* support groups run by Spurgeons at its Little Folly Children's Centre, and at Salisbury Methodist Church.

Spurgeons runs more than 20 Children's Centres across the country, including five in south Wiltshire, and supports parents and their children from pre-natal stage, through birth and up to five-years-old.

Spurgeons Regional Manager Gill Miles said: "Courtney has a bubbly, motivated personality who gets on well with everyone and puts people at ease. She is very passionate about breastfeeding and is keen to help others but has to juggle her volunteering hours with the demands of family life and work."

"She is determined to continue supporting other mums in need and has offered to help set up another new breastfeeding group – Courtney makes a real difference to the mums and babies she helps."

Winning the award clearly meant a lot to Courtney: "This really shows me that all the work I put in is not only beneficial but also very much appreciated. I thrive on helping others and, although juggling work and family, as well as volunteering, can be tough sometimes, I love helping other mums continue with their own personal breastfeeding journey.

"I'm also very grateful to be given the opportunity to volunteer with Spurgeons, an amazing organisation that has supported Noah and myself throughout," she said.

Our volunteers carry out a range of roles across the charity, for example we have volunteers who assist with work in our central office that supports front line

services, others may be peer mentors, assisting staff in running programmes, transporting young carers to and from meetings, providing hospitality through welcoming and catering, or helping us raise money to help the children we work with.

All of our volunteers are supported by our central services team and, like all of our colleagues, everyone has to undertake essential training in safeguarding, equality and diversity, health and safety and data protection (GDPR). Our volunteers are incredibly important to us and we continue to thank them and celebrate their contribution at a local and national level through our annual volunteer awards and by helping projects recognise their volunteers locally.

Spurgeons Volunteer of the Year 2019 Award winners

Olga Kupriianova
Birmingham Children's Centres

Angela Consterdine
Prison Family Visitor Centres

Courtney Pickering
South Wiltshire Children's Centres

Sue Janes
Peterborough Children's Centres

How the COVID-19 pandemic may shape our work in the future

The impact of the COVID-19 pandemic is unprecedented in recent times and will have a significant impact on the UK's social, economic and political life. While many of the restrictions that impact how we deliver services remain in place at the start of the summer it is difficult to know how fundamental some of these changes may be and how they may impact our lives beyond 2020.

What we do know is that some necessary changes will remain in place after lockdown and the threat of the COVID-19 has receded. Some of these changes will be positive, some not.

Public sector finances will be under great strain in the years to come and we will need to reflect this in our business and income generation plans (see pages sections on risk and future ambitions below).

We also know that there will be pressure to make a long-term transfer to delivering services online and have less reliance on physical sites and in-person meetings. There is no clear evidence that this will benefit vulnerable children, young people and families, though it may be cheaper.

During the first half of 2020, many of the positive stories of how we have innovated to continue supporting families during lockdown have been captured in a weekly

internal newsletter called *Always Here*. This has been a great way to celebrate our work, inspire staff, and capture good practice. Our ambition is that the best of our activities are shared across the charity and become embedded as business as usual.

Furthermore we expect the exit from lockdown to present many operational challenges that will include managing staff well as we re-open delivery sites; ensuring sites and work is COVID-secure and understanding the cost, time and capacity implications of this; meeting pent-up demand from our service users, and dealing with more complex and significant needs emerging from the impact of lockdown. Our infrastructure, expertise, balance sheet, partnerships, and strong team are well placed to meet these significant challenges.

What our service users say about us

"I have been through a lot in the last 12 months. Outreach support has been my rock and the only service that I feel has helped. Thank you." Wiltshire Children's Centres

"I have learned that prison is not all about punishment." Bure Prison Family Services

"K and L are great on the freedom programme. I have learnt so much, but their patience, listening and answering questions and explaining are brilliant" – Lakeside Children's Centre

"I could understand the impact of separation through my daughter's eyes." Separated Parents Information Programme

"Knowing that what I am doing is "normal" and "okay."" Wiltshire Together for Families

"I asked questions and they answered every one, very friendly. For visitors who are anxious I feel staff members are trained enough and humble, good experience." Feltham Prison Family Services

"The fog in my head is starting to clear." Erdington Children's Centres

"Develop on my own personal skills and get into work." Anthony Road Children's Centre

Strategic Report

Achievements and Performance

Measuring our work

Spurgeons has developed a number of ways in which we measure our impact and performance. At a governance level the Board has an opportunity to review the information they receive from the Executive and monitor performance against our strategy through an organisational 'scorecard' that reports results on a quarterly basis. The targets and measures in the scorecards are reviewed and approved by the Board annually.

In 2019/20 the scorecard remained largely consistent with the previous year and was divided into four elements covering impact, people, enablers and finance. Each area has three indicators and each indicator three proxy measures. Some of these are reflected in the table below describing what we said we would do.

On a day-to-day basis we assess the impact of our work, in part, through KPIs given to us by commissioners. These are supplemented by our own Spurgeons Outcomes and Impact Framework. This Framework links the work we undertake to the outcomes and impact we seek to establish for our service users across each of the client groups we seek to work with. It aids development of a local theory of change, informs the monitoring and evaluation we undertake to ensure our work is on a positive track, and is effective, for each service user.

Applying this Framework across our services, we can both capture innovation that meets service user needs and apply this learning locally and nationally, where appropriate. The Framework is informed by user feedback and is reviewed annually to ensure we continue to link our efforts to what is appreciated by, or effective for, service users. This data has informed the publication of our first ever *Impact Report* in summer 2020.

The focus on clarity of purpose and our values is driven down to the individual level and an expectation that every employee receives an annual appraisal and regular supervisions. In 2019 we provided training to all our managers on how to set SMART objectives for their team members, and we continue to analyse the rate of regular supervisions and appraisals, and the number of individuals' objectives that are met (it was reported that 84% of individuals' objectives were met across the charity in 2019/20).

What we said we would do

In our last Annual Report, we set out our ambitions for this year. These were linked directly to the four strategic objectives set out in our current strategy *Striding Forward to 2020*.

Each year our commitment is to report honestly and openly about how we have done, learning from our successes and any failures and we continue to do that through the table below.

Our Strategic Objective	What we said we would do to meet this objective	What we achieved
<p>1. Demonstrate excellence in evidencing the impact and positive difference we make.</p>	<p>i. Evidenced improved incomes for a majority of users.</p> <p>ii. In living our commitment to 'Contract+', we can demonstrate that Spurgeons has added at least 10% value to each contracted area of work.</p>	<ul style="list-style-type: none"> • Spurgeons Outcomes and Impact Framework is now used in 39 of the 43 eligible projects.⁵ • We met our target of supporting '<i>families who are disadvantaged and struggling to cope</i>' by meeting the majority of their agreed intervention goals. • We began work on our first <i>Impact Report</i> that will be published in summer 2020. • The number of volunteers recruited has increased by over one third (221 at the end of March 2020). • We have continued to invest in <i>Together for Families</i> and local partnerships, growing the number of churches/families we work with. <p>However <i>We cannot demonstrate that we have added at least 10% value in monetary terms to each contract. For our larger contracts this will continue to prove very difficult to</i></p>

⁵ Of our 50 services, we do not count Birmingham Forward Steps Centres because these are part of a common approach agreed by all the partners that make up the service. Of the remaining four services two have an operating to model and framework that is given to us by the commissioning body (Safelives and CAFCASS) and we have chosen not to add unnecessary burden on local operations by requiring them to report against our framework as well. However, the COVID situation and subsequent adaptation of these models is suggesting a need to do this.

		<p><i>achieve and we may need to review the target or our means of seeking to achieve it.</i></p>
<p>2. Be recognised for delivering innovative, high quality services.</p>	<p>iii. At least 80% of our staff and volunteers feel engaged and believe that Spurgeons lives its values.</p> <p>iv. Service user and stakeholder satisfaction rates greater than 97% (2018/19 baseline).</p>	<ul style="list-style-type: none"> • At 72%, engagement levels based on our staff survey has remained largely unchanged from 2018. • 98% of service users who gave us feedback agreed they were treated well through our services (sample: 4,506). • We changed the way we measure beneficiaries satisfaction, and now use an industry accepted tool called Net Promoter Score. This produced a result of +56 across a sample of 1893 which shows a very strong performance, with 85% of a sample of 582 stating that they would be more likely to accept help from support services, including Spurgeons, in the future following the service they received. <p>However <i>We want to understand how we can improve our net promoter score with employees in some of our more challenging projects and sustain very high levels of engagement after their first year in post.</i></p>
<p>3. Influence change by speaking-up on behalf of those with whom we work.</p>	<p>v. Identify Spurgeons 'core calling' that will shape the direction and nature of our work for the next decade.</p>	<ul style="list-style-type: none"> • We undertook research to explore our business model options for the future and discussed these with our Board. • The Board residential in 2019 agreed the key elements of our next strategy. <p>However <i>Partly due to COVID-19 some key decisions concerning our business model have been delayed until mid-2020 with the strategy ready for Board approval by the end of year.</i></p>

<p>4. Achieve a medium-term financially sustainable organisation that enables maximum resources to be utilised to achieve our mission.</p>	<p>vi. Realise at least 10% efficiencies across our central services.</p> <p>vii. Our income will be over £13 million, based on new income, diversification of income sources, partnerships, etc..</p>	<ul style="list-style-type: none"> • We reduced the cost of central services by £264,000, which is the equivalent of an 11.1% saving from the year before. • We succeeded in achieving an income level of £13.4 million (breakdown below). • New systems were introduced across HR, Finance and H+S to make key tasks more efficient. <p>However</p> <p><i>We did not diversify income as planned and we are still reliant on a small number of large contracts.</i></p> <p><i>Central services' efficiencies were realised through restructuring some teams, reduced agency costs and hard savings realised through cost saving measures undertaken. We have chosen not to monetise efficiencies that have resulted in staff time savings during the year.</i></p>
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The impact of COVID-19 on 2020 and beyond

Before March 2020 Spurgeons did not have specific plans in place for dealing with a pandemic on the scale the UK came to experience. However, our investment and renewal of our infrastructure and key central systems since 2017, and up-to-date business continuity plans, meant that we adapted quickly and responded well to the demands placed on the charity.

All central support functions transitioned to be home-based by 18 March and all delivery sites were temporarily closed by 22 March. In less than one month we were able to provide services for all but one of our 50 projects. Provision ranged from being able to move a large majority of activity online, to projects where we could only deliver basic small-scale support. This largely depended upon external factors and restrictions placed on local staff by our commissioners (e.g. prison Visitor Centres were closed and visits stopped by HMPPS and so initially our services moved to providing activity packs and advice to dads in the prison).

Government public procurement advice has provided a high level of assurance around short-term contract income. This means that there is relatively little short-term impact on our income. It does not mean that later this year, or in the next financial year, the impact of the pandemic on the national and local economy will not

have a significant impact on our contracts and funding from the Public Sector. Commissioners may seek to reduce contract value, and Voluntary Income may be affected, just when demand for our services could be rising significantly.

Spurgeons considers this to be one of the main risks we face over the next 12-24 months – and the impact on funding may be realised sooner.

Managing risk

Identifying and actively managing risk is an important part of ensuring that Spurgeons remains a healthy and impactful charity, and ensures Trustees remain focused on the appropriate issues as they lead the organisation. This continues to be done at a Board and senior staff level by maintaining an organisational Risk Register that identifies the key organisational risks we face.

The Risk Register is co-owned by our Board of Trustees and the Chief Executive. It follows the good practice format set out by the Charity Commission for England and Wales, which includes clarity regarding current mitigations, key actions, who these actions are assigned to, and a risk score that is related to a RAG-rating (Red, Amber, Green). Each of our Board's sub-committees has responsibility for monitoring how we are managing risks relevant to their remit. Their consideration is then reported to the full Board who reviews the whole register at each meeting.

Our key risks over the next year

The assessment of organisational and strategic risks for the next twelve months undertaken in June 2020 is very different to the results we would have reached just four months earlier. In light of the COVID-19 pandemic and subsequent measures taken by the UK Government, Spurgeons Board of Trustees consider that our highest risks in 2020/21 will be:

1. The charity lacks direction, or lacks a relevant strategy for a post-pandemic society and economy.
2. An over-reliance on a small number of high value contracts when public sector debt and ability to continue funding non-statutory services is greatly reduced.
3. A second wave of COVID-19 infections leads to an extended, additional lockdown, high staff and service user sickness, and challenges around providing support to the vulnerable.

These risks are not unique to Spurgeons and reflect the unprecedented season that the country finds itself in. Trustees and the Senior Executive Team are confident that despite these challenges Spurgeons is in a strong position to mitigate these risks.

The clear plans developed internally include:

1. Approval and implementation of a post-2020 organisational strategy that reflects the impact of the COVID-19 pandemic and clearly differentiates between the short-term response and long-term development of the charity.
2. Adoption of a well-researched business model and income generating plan that sets out the investment required to grow sustainable and resilient funding streams.
3. Capture key learning about how Spurgeons has adapted its work during the pandemic at local and national level and adopt new ways of working post lockdown to make service provision more agile and resilient to disruption.

Our main ambitions and targets for 2020/21

In recent years the key elements of our annual Business Plan have been linked to our current strategy and its four strategic objectives. Over the past twelve months Spurgeons has been developing our next strategy. It is clear that the intent is that we will deliver bolder change over a generation. Our goals for 2020/21 reflect elements of this strategy that have already been agreed by the Board of Trustees. 2020 will see the completion of our strategic plan and Spurgeons embark on its implementation. This will involve:

- I. Continuing the work of transforming Spurgeons into an organisation where the Christian faith is relevant both to our mission and to the projects and activities we undertake.
- II. Develop a medium-term business model that provides greater focus and a clearer definition over the problems Spurgeons will seek to tackle in seeking a better present and more hopeful future for vulnerable children.
- III. Invest in the long-term diversification of our income base, raising our voluntary income and reducing our reliance on contracts won through competitive tender.

To enable this to happen we will need to be adaptable, agile, and relatable to our beneficiaries and their circumstances in order to faithfully stay true to our mission and calling.

It is our intention to publish detailed plans for how we will achieve each of these three goals, report progress, and specific targets in our next Annual Report.

Reporting our Carbon use

As an employer with over 250 employees and gross assets of over £18 million Spurgeons is required to comply with the government's policy on Streamlined Energy and Carbon Reporting (SECR) and the provisions on carbon reporting issued in November 2018 that came into effect from 1 April 2019. The following paragraphs follow guidance issued by the SORP Committee in Information Sheet 5.

Consistent with our desire to comply with legislation and to be faithful to our Christian ethos, we are committed to being as energy efficient as possible and minimising our impact on the environment. This commitment is realised through our day-to-day choices in how we choose to run our services, from installing low energy lighting to using fair trade products.

This is the first time that Spurgeons has published this data. It has proved a challenge for an organisation such as ours to undertake this exercise. Where we have been unable to collect information, we explain why this is the case. The guidance published describes a number of exemptions on reporting, especially for an organisation like ours who are doing this for the first time.⁶ Therefore, the following paragraphs show our total energy usage in kWh for sites for which we have information. This is broken down between gas and electricity use. We are not able to publish data regarding transportation, as this is not available at this time; however we will aim to reflect this in next year's report.

We have been able to collect information on the use of electricity and, where applicable, gas for 16 sites. These sites include 13 Children's Centres, two Young Carer Services and our Head Office in Rushden.

Across these sites a total of 1,016,442kWh (1016.442MWh) of energy was used between 1 April and 31 March 2020. This can be broken down between electricity usage of 404,922 kWh (404.922 MWh) across the 16 sites, and 611,520 kWh (611.520 MWh) of gas across 10 sites. Perhaps inevitably it is large Children Centres open every day, with high footfall, that consumes the most energy. Our Head Office is a relatively modest user of energy, with the 32,505kWh of electricity and 36,679KWh of gas being less than the average Children's Centre.

We are not able to report on energy use in 20 sites. Of these 20 sites:

- Four are Children Centres where the landlord has not made this information available. In some cases, this may be because the centre is co-located on a school site where the school is the landlord,

⁶ *Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance March 2019 (Updated Introduction and Chapters 1 and 2)*, Crown Copyright 2019.

- 13 are prison services where utilities are provided by the prison and we are not given the relevant information, and.
- Three sites include our Head Office archive and storage facility and Young Carers offices where the utilities are included in the rent.

Information about some of our sites may continue to be difficult to collect where we depend upon a landlord's assistance. In future years we may continue to find it impossible to collect actual data, and where this is the case we will provide estimates on our usage and our rationale for these estimates.

Financial Review

An overview of our financial performance

The Statement of Financial Activities (SOFA) below shows it has been a strong year with a small decrease in income of 1.3% (£172,000) from the previous year. The decrease primarily derives from unrestricted income, in particular a decrease in legacy income compared to the prior year, which saw an annual high legacy income of £398,000 (*2020: £149,000*). The result for the year is a surplus before gains on investments of £583,000 (*2019: surplus £804,000*). The result comprises of an unrestricted deficit of £13,000 (*2019: deficit £82,000*) and an operating surplus on restricted funds of £596,000 (*2019: £886,000 surplus*). Legacy income enhanced the donations and investment income to help the position on unrestricted funds whereas the majority of the year-end operating surplus in restricted funds is due to timing differences on projects and is carried forward in restricted reserves (see Note 12 in the financial statements below).

The decrease in unrestricted income of 6% (£169,000) was offset by the savings in unrestricted expenditure of 8% (£238,000) as a result of being able to keep a tight control on costs. A continued focus on delivering cost efficiencies, especially in central teams where our costs decreased, has meant another strong set of operational results in the face of adverse economic conditions.

Restricted income remained consistent with the prior year, whilst expenditure increased due to the timing of how project expenditure varies throughout the life of the project. In the earlier years of a project, costs are lower and they increase during the project life, this is partially due to inflationary increases to salaries determined by the Local Government National Joint Council (NJC), (*2020: 2% with the exception of lower Spinal Points*).

The impact of Brexit followed by COVID-19 resulted in the stock markets falling considerably in the last quarter. During the year the asset value of the Epworth investment portfolio decreased by £578,000. As at the close of business on the 3rd

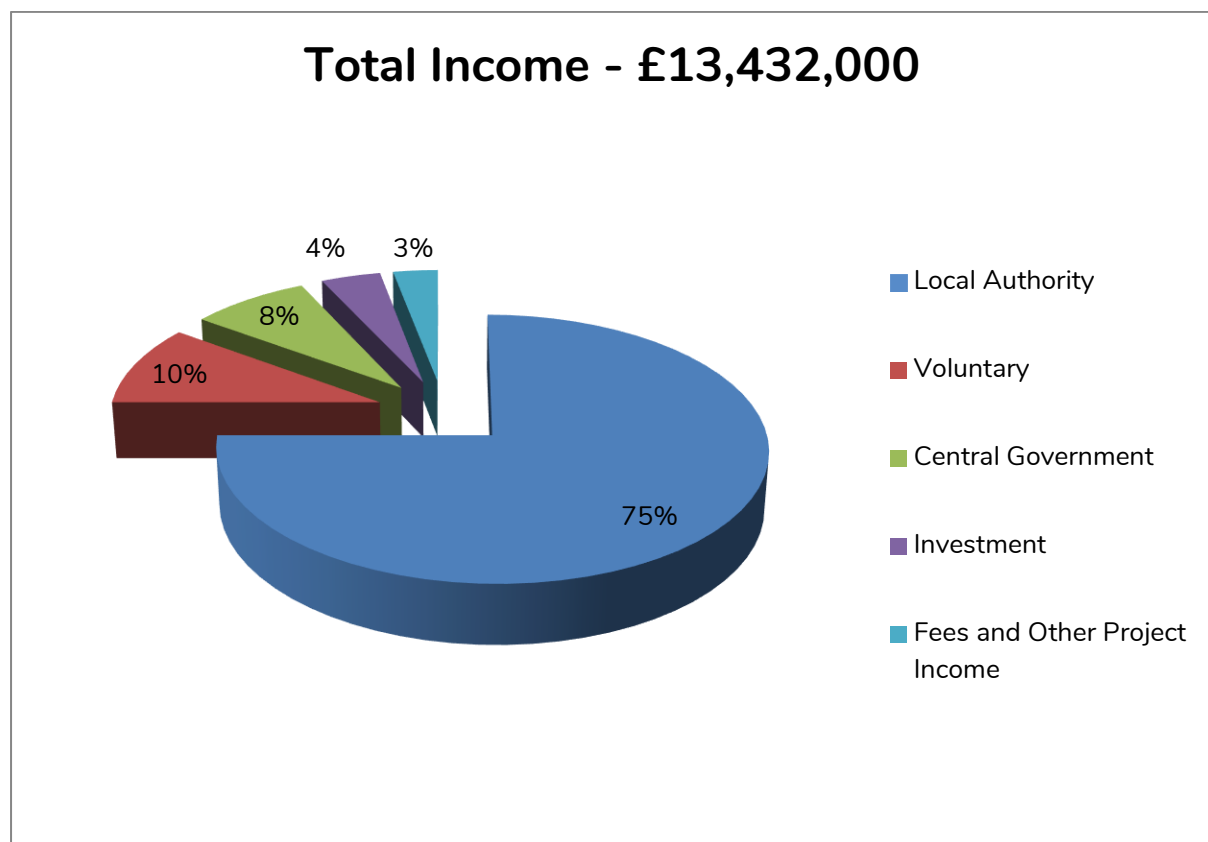
July 2020, the last business day before approval of these accounts, the investments had a market value of £4,819,400. This represents a rise in value of £355,569 since 31 March 2020. In contrast, changes in property values resulted in unrealised gains on property assets of £277,000. The net impact, resulting in an unrealised loss for the year of £301,000 (2019: £96,000 gain).

The overall net outcome for the year resulted in a reduction of unrestricted funds of £802,000 (2019: £220,000 decrease), an increase in restricted funds of £1,084,000 (2019: £1,120,000 increase) and total funds increasing by £282,000 (2019: £900,000 increase). The total net assets at year-end are £17,873,000 providing a strong financial base, which has been developed in recent years from the growth in retained assets.

Our income

Total income £13,432,000

As in the previous year, the majority of our income (75%), specifically £10,157,000 (2019: £10,071,000), came from the Statutory Sector, mainly from Local Authorities, particularly in support of the number of early help/children's centre services we manage.

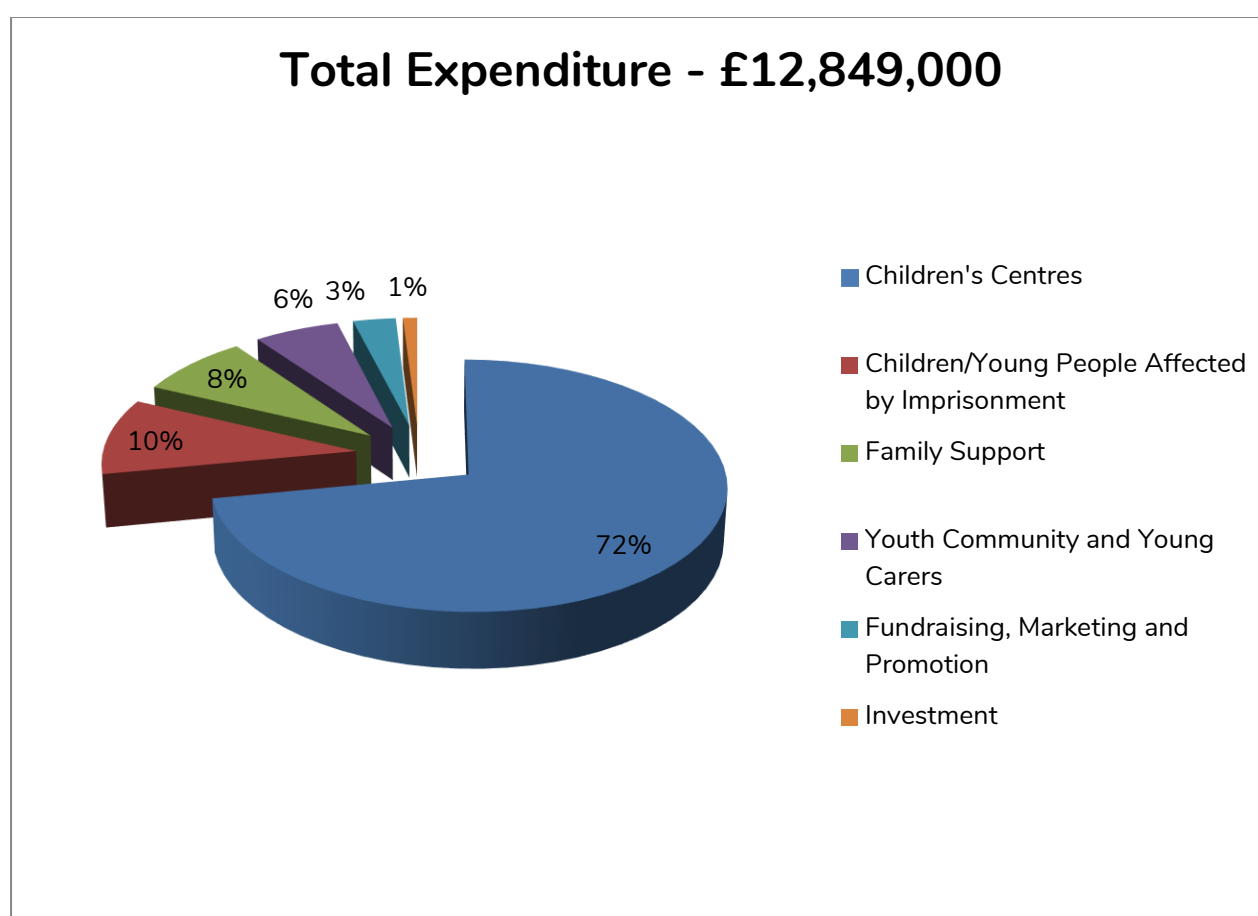


We also received 8% of our income, £1,051,000 (2019: £878,000), from Central Government departments through a number of contracts with Her Majesty's Prison and Probations Service to provide family support services and catering. Virtually all external funding was given for specific services and is therefore restricted solely to that purpose and not transferable from one service to another.

Our expenditure

Total expenditure £12,849,000

Over 96% of our expenditure was incurred in direct support of our work with children, young people and families.



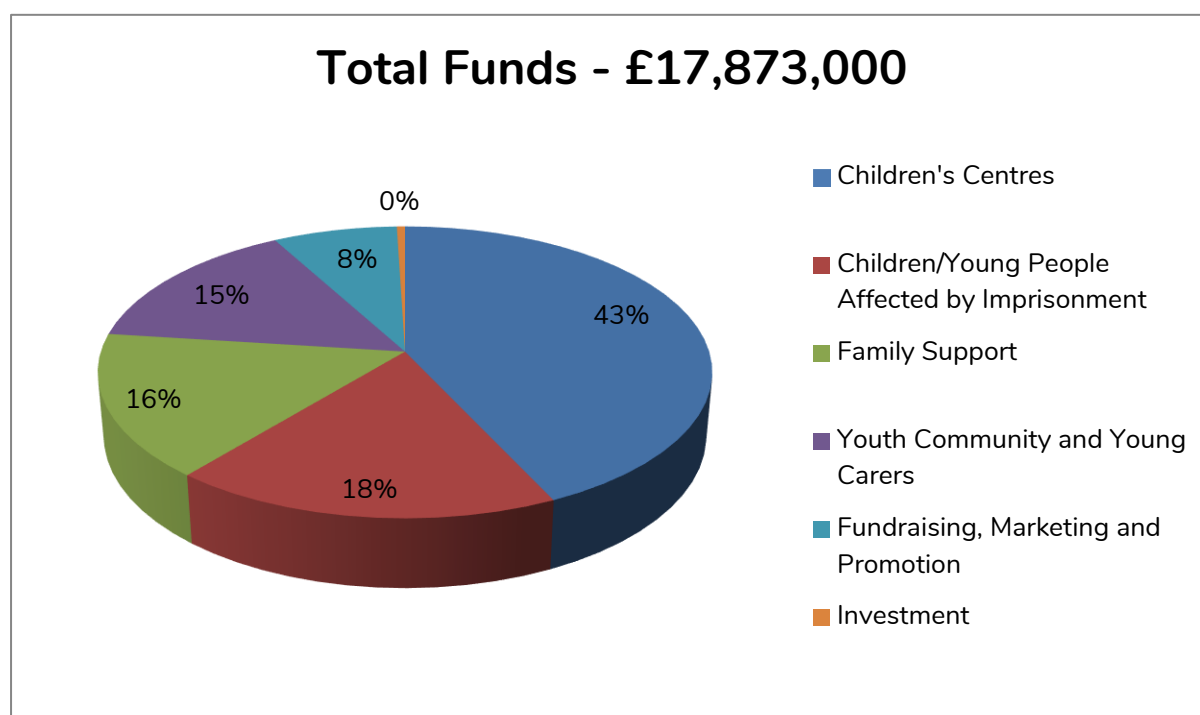
Our *Children's Centres* work increased this year with this aspect of our work accounting for 72% of total spend at £9,275,000 (2019: £8,882,000), our family support work remained at 8% of total spend at £1,070,000 (2019: £1,042,000), with children and young people affected by imprisonment accounting for 10% of our total spend at £1,256,000 (2019: £1,289,000) and youth, community and young carers work accounting for 6% of the total spend at £770,000 (2019: £1,100,000).

Employment costs remained by far the highest single item, totaling £9,671,000 (directly employed staff £8,153,000, seconded staff £1,518,000), equating to 75% of our total expenditure (2019: £8,708,000 (68%)), the majority of this is being in direct services support personnel. Support employment costs for the year decreased by £156,000.

Our reserves

Total funds £17,873,000

At year-end, Spurgeons total funds increased by £282,000, an increase of 1.6% year-to-year, to £17,873,000 (2019: £17,591,000).



Of our total funds, £7,809,000 (2019: £6,725,000) were restricted; such funding can only be spent on the specific purpose for which the funding has been given.

The permanently endowed funds, which are vested in the freehold property of Spurgeons' central office in Rushden, continued to depreciate to a year-end book value of £95,000 (2019: £99,000).

The designated funds of £7,274,000 (2019: £8,038,000) are those set aside by the Trustees for a particular purpose and comprise the Property Investment Fund £3,160,000 (2019: £3,924,000), the Central Office Development Fund £2,614,000 (2019: £2,614,000) and the new Service Development Fund £1,500,000 (2019: £1,500,000).

General, unrestricted, funds decreased by £38,000 to £2,790,000 (2019: £2,828,000).

The Balance Sheet and liquidity of the charity at year-end remain strong. As a result, the charity's accounts can be prepared on a going-concern basis.

Annual net assets

The value of net assets in future years is projected to reduce in the light of budgeted deficits and potential investment will feature in the strategy beyond 2020, but Spurgeons will remain strong as a 'going concern'.

To this end, we continued our investment of recent years in infrastructure with further development of the HR system, implementation of online expenses, outsourcing payroll and moving towards online forms for Health and Safety audit and surveys, and streamlining our processes within the organisation. Our aim is to make Spurgeons systems more resilient and efficient.

This work is carried out in the context of continuing pressure on income. The contract value for the work we currently undertake is decreasing due to challenges faced by local authorities.

While pressure on income remains significant due to pressures on public finance and competition from other providers our asset base remains strong. Our strong performance on income and strict control of costs have resulted in another strong financial performance. This will provide us with significant strength to invest in developing our post 2020 strategy. As a result, we confidently assert that we are in a good financial position and meet the Charity Commission's expectations of being a 'going concern'.

Structures, Governance and Management

Governance documents and how we are constituted

Spurgeons is a company limited by guarantee registered in England under number 3990460 and with a registered charity number 1081182.

The financial statements set out in this document include the results of the unincorporated charity, Spurgeon's Child Care (this is a historic title; see Note 12 below). The unincorporated charity retains the permanent endowment. The unincorporated charity (no. 307560) is treated as forming part of the incorporated charity (no. 1081182) for the purposes of Part II (registration) and Part VI (accounting) of the Charities Act 2011, following the issue of a uniting direction for accountancy and legal purposes which was issued on 7 April 2005.

The two charities are accordingly registered under a common registration number (no. 1081182) and the Trustees prepare a single set of financial statements for the whole entity, within which the individual parts may be reported separately.

Our Articles of Association were reviewed and amended in 2017. These Articles of Associations set out how Spurgeons is governed. These have allowed our governance arrangements to adapt effectively to the COVID-19 pandemic with provision already made for trustee participation in decision-making via videoconference or teleconference facilities.

Our governance and Board of Trustees

Our Board of Trustees has adopted the Charity Code of Governance as the benchmark of our governance arrangements and operation. Our work is reviewed periodically against this Code to ensure that how we work is in line with what is considered 'good practice' in the sector.

In order to manage its responsibilities, the Board has delegated some elements of its work to sub-committees. In 2019/20 there were three sub-committees:

- **Finance** - oversees all financial aspects, including setting and managing the internal financial controls, budget setting, management against budget, and investment policy appraisal;
- **Remuneration and Trustee Recruitment** - reviews the performance and remuneration package of the Chief Executive, the Deputy Chief Executive and the Chief Operating Officer and is responsible for trustee recruitment;
- **Standards & Outcomes** - undertakes a due diligence role to scrutinise, challenge and support our work with children and young people.

In addition, Safeguarding and Health & Safety Panels provide key forums for monitoring certain elements of our performance. Membership of these Panels is made up of members of staff, with at least one member of the Senior Executive Group attending each. Minutes of each Panel meeting are reported to the appropriate sub-committee and directly to the main Board meetings.

Trustees are appointed to the Board through a fair and open selection process that in the past 12 months has been managed by an external agency approved by the Board. An Occupational Requirement to be a follower of Jesus in a way that is consistent with Spurgeons Statement of Faith applies to all Trustee roles.

The Trustee recruitment process is approved by the Board and candidates interviewed by delegated Trustees, before being invited to attend a Board meeting

as an observer. Candidates are elected on to the Board by a vote of the Trustees present and appointed for a period of three years, after which time they are eligible for re-election for one further term. This may be extended in exceptional circumstances.

New Trustees undergo an induction programme which includes a suite of key documents to read, essential training to complete and a series of meetings with staff representing a cross section of our work. In this way, and through opportunities to visit services, Trustees are encouraged to engage with Spurgeons work wherever possible. Trustees commitment to the charity also includes an expectation that that they will pray regularly for the charity. Details of the names of the Trustees as at the date of this report, and changes in the year are set out below.

Qualifying indemnity insurance

Spurgeons provides insurance to its Trustees' against liability in respect of actions brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity insurance remains in force as at the date of approving the Trustees' Annual Report.

Organisational structure

The Trustees delegate the management, development of strategy, and overall leadership of the Charity to the Chief Executive. The Chief Executive is also the Company Secretary.

Two senior managers report to the Chief Executive: The Deputy Chief Executive (DCE) and the Chief Operating Officer (COO). Together these three members of the Executive make up a Senior Executive Team.

The DCE and COO line manage seven Heads of function who each lead an area of our work. These include Practice, Business Development, Data Impact and Evidence, Finance and Corporate Services, People, IT and Systems, and an Engagement team created in April 2019 that brings together parts of our marketing, communications, fundraising and church engagement work.

Decision making

A key part of effectively managing the work of a charity the size of Spurgeons is clarity over roles and responsibilities. Each year the Board of Trustees reviews our delegated scheme of authority. In March 2019 a new framework was approved by Trustees.

The review of this framework takes place annually, but was delayed in 2020 due to the Board's priority being on Spurgeons response to the COVID-19 pandemic. The

framework will be reviewed during 2020. It sets out the principles of why and how authority is delegated to different roles and individuals, and provides guidance on the different types of decisions that managers, senior staff and the Board may need to make. This document is shared on Spurgeons Intranet pages and is available to all staff.

Remuneration and our pay policy

Spurgeons operates a clear and transparent Senior Executive Pay Policy that follows the principles set out by the National Council for Voluntary Organisations (NCVO) and the charity leaders' network, ACEVO. The policy is reviewed regularly and used to guide the determination of the Senior Executive Team's pay.

Spurgeons is committed to paying its staff at least the hourly rate defined by the Foundation for a Living Wage. All other staff are paid in line with Local Government's National Joint Council (NJC) pay structures and it is our convention that pay awards to staff (other than the Senior Executive Team) are guided by the NJC advice. Each year it is the Board of Trustees, following a recommendation from our Finance Committee, who approve the pay award to staff. This is usually part of their discussion concerning the charity's budget for the coming year.

A full copy of our Remuneration Policy can be found on our website (www.spurgeons.org) as well as the Spurgeons Intranet. The Spurgeons website is also where our annual Gender Pay Gap is published.

Membership of other organisations

Spurgeons is committed to speaking up on behalf of our service users. Sometimes this takes the form of issues relating to the operation of charities like Spurgeons, and sometimes campaigns directly relating to the lives of our service users. We continue to use our own resources to do this, but also partner other organisations where we believe this to be a more effective means of getting our voice heard.

In 2019/20 we continued to be a member of the End Child Poverty Coalition, Children England and Prisons Week. The Chief Executive continues as one of the Trustees of Children England.

Investment management

The management of our investments is governed by the provisions of the Trustee Act 2000. Income from investments is an important part of our funding and, as such, Trustees are mindful that we seek good rates of return that can be used for charitable purposes.

We seek to achieve this in a way that is consistent with our Christian ethos and therefore take an ethical approach to our investments. Our full Investment Policy, which sets out sectors and types of work that we do not invest in, is set out in our Investment Policy that is available on our website (www.spurgeons.org).

Trustees review our Investment Policy annually, and investment performance every quarter. Non-property investments are held in Common Investment Funds under the management of Epworth Investment Management Ltd. Epworth's provide us with investment advice and manage this element of our assets in accordance with ethical standards they have signed up to. These include the UK Stewardship Code Statement and Montreal Pledge Disclosure, and they are a PRI Signatory.

More information about Epworth's ethical approach to investment can be found on their website (www.epworthsinvestment.co.uk). Their approach is consistent with the provisions set out in our own Articles of Association.

Our approach to managing our investments is to take a moderate (low to medium) approach to risk. Therefore, the funds have been set up with an approximate 75:25 split between equities and fixed interest securities and corporate bonds.

It is our intention to review the terms and conditions of the investment manager appointment and carry out a re-tendering process for our investment managers over the next year.

The greater part of our investment value is held in a property portfolio, which is represented by assets that have been gifted to us over many years. The property values are considered annually by our Trustees. A full professional valuation of the investment property portfolio was commissioned following the retender of our property managers. In light of Brexit and COVID-19, the original revaluations were subsequently reduced by 20%, resulting in an increase of the overall property valuations of £277,000. This measure was taken on the basis of advice provided by our Property Management Agents and their knowledge of the relevant local property markets. This advice was initially received in March and confirmed in June 2020. The Trustees approved the revised valuations in March 2020.

The Charity's non-property investments generated an unrealised loss of £578,000 on year-end valuation. At 31 March 2020, the total decrease in the valuation of all investments (Financial Note 9 on page 56) included in these accounts is a sum of £301,000 (2019: £96,000 increase). The value of these investments has recovered by £355,569 between 31 March and 1 July 2020.

The Trustees continue to monitor the balance of the portfolio and how the assets can be best used in the interests of our charitable purposes. Clearly, current political and economic uncertainty around Brexit and COVID-19 may impact the planning going forward. As a result of a strong cash flow and budget position there have been no property disposals during the year.

Reserves policy

Our policy on reserves is subject to an annual review by the Finance Committee and approved by the Board of Trustees. The Trustees have carefully considered the requirement for us to maintain an appropriate level of free reserves, being those unrestricted funds not invested in fixed assets, designated for specific purposes or otherwise committed.

During the year ended 31 March 2014, a designated fund was set up for central office development from the profit and revaluation of investment properties. At the year-end, on 31 March 2020, the value of the Central Office Development Fund was £2,614,000. During the year ended 31 March 2020, £nil (2019: £nil) of this fund had been utilised.

The creation of this fund reflected the charity's long-term intention to have a head office that will enable our strategic ambitions, facilitate better connections internally, empower our networking with external audiences and networks, and attract and retain the best talent. Our intention regarding the location and nature of our central office will be set out in the post 2020 strategy. Clearly we will need to monitor the impact of the COVID-19 pandemic and how this might influence the timing of these plans.

We also have a designated Property Investment Fund that was established in 2016 to utilise the sums invested in property for the provision of income for charitable purposes, with a sum transferred in of £4,264,000. As at 31 March 2020, the value of the Property Investment Fund was £3,160,000.

At the end of 2017, the Trustees agreed that £1,500,000 of reserves should be designated to directly develop and enhance our work with vulnerable children and families over the next three years. A Service Development Fund of £1,500,000 has been set up to reflect this. Various opportunities to invest this in new services have been explored during the last 12 months. It is now likely that this fund will be used (at least in part) to explore the merger and acquisition of smaller charities that are carrying out work that meets our own charitable objects.

The Trustees have taken into account the level of free reserves necessary to cover the following potential risks:

- Loss of restricted income as a result of the closure of major pieces of work or failure to retain commissioned work on re-tender.
- Failure to achieve necessary fundraising targets, including a drop in legacy income.
- Fluctuations in investment income, especially with the uncertainties around Brexit negotiations.
- Working capital for payments made in arrears.
- Future significant project deficits.
- Cash flow requirement necessary to fund the forecasted operating deficit over the coming year, ahead of achieving our financial sustainability strategic goal beyond 2020.
- An event having a major negative reputational effect on the Charity.

Without a sufficient level of free reserves to cover the financial impact of factors that may be largely outside our control, our ability to safeguard the current level of charitable work would be rapidly undermined and could ultimately lead to a withdrawal of services.

At the same time, it is not our intention to accumulate funds unnecessarily, but to use them in a prudent and efficient manner to enhance the future lives of the many children and families with whom we work.

Based on the above assessment, the Trustees have estimated that the level of free reserves required to mitigate against the identifiable risks is approximately £2.8 million at 31 March 2020. The Trustees are aware of the increasing pressure on local authority funding and new contracts and the reliance of the charity on an increasingly small number of contracts.

In addition, the Trustees recognise that, as a result of ongoing economic pressures, public expenditure cuts and the investment in the infrastructure of the charity approved by the Board, unrestricted deficits in the region of £0.6 million are likely to be incurred over the next year as the charity strives to achieve its goal of financial sustainability by 2020.

The level of free reserves is represented by the General Fund which, at year-end, totaled £2,790,000 (*2019: £2,828,000*), a decrease of £38,000 (*2019: £102,000 decrease*) from the previous year representing approximately 11 weeks (*2019: 11 weeks*) of planned operating expenditure.

Given the above factors, the Trustees anticipate that the current level of free reserves will be sufficient to cover the identifiable risks and possible future deficits.

Reference and Administrative Details

Trustees and Directors

Andrew Caplen (Chair of Trustees)
Simon Beresford (resigned December 2019)
Natalie Cronin (resigned July 2019)
Jennifer Emery (appointed August 2019)
Philip Green (appointed August 2019)
Chris James (appointed May 2020)
Sarah Powley
Safron Rose
Romaine Thompson (resigned July 2019)
Helen Watson
Nigel Wildish

Officers for the year ended 31 March 2020

Senior Executive Team

Ross Hendry – Chief Executive
Paul Ringer – Deputy Chief Executive
Sue Gillespie – Chief Operating Officer

Registration details

Registered Office

Spurgeons
74 Wellingborough Road
Rushden
Northamptonshire, NN10 9TY

Registered Charity Number: 1081182
Company Number: 3990460

Professional advisors for the year ended 31 March 2020

Investment Managers

Epworth Investment Management Ltd.
9 Bonhill Street, London EC2A 4PE

Solicitors

Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham, B3 2ES

Bankers

Barclays Bank PLC
4 Waterside Way, Bedford Road,
Northamptonshire, NN4 7XD

Wilson Browne
Kettering Parkway South
Kettering, NN15 6WN

Property Managers

Goodsir Commercial
9-10 Domingo Street,
London, EC1Y 0TA

Independent Auditor

Haysmacintyre LLP,
10 Queen Street Place,
London, EC4R 1AG

Statement of Trustees' Responsibilities

Spurgeons is governed by a Board of Trustees who are also directors of the Charity for the purposes of company law. The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing those financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities' SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK accounting standards, subject to any material departures disclosed and explained in the financial statements, have been followed
- Prepare the financial statements on the going concern basis unless it's inappropriate to presume that the charitable company will continue in business

The Trustees are responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the charitable company and to enable them to ensure the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees is aware at the time the report is approved:

- There is no relevant audit information of which the charitable company's auditors are unaware
- The Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees have considered the Charity Commission guidance on public benefit in deciding what activities to undertake and this report contains an explanation of the significant activities undertaken during the year to carry out the Charity's aims for the public benefit, and also the achievements measured against the objectives set by the Trustees.

Auditors

haysmacintyre have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

The Trustees' Report, including the Strategic Report, has been signed on behalf of the Board of Trustees by

Andrew H. A. Caplen

Andrew Caplen, Chair of Spurgeons' Trustees Board on: 16th July 2020

Independent auditor's report to the members of Spurgeons

Opinion

We have audited the financial statements of Spurgeons for the year ended 31 March 2020 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 - the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 37-38 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

This description forms part of our auditor's report.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

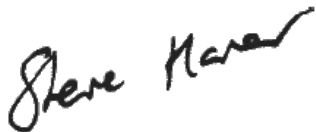
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

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 charitable company; or
- The charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Use of our report

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



**Steven Harper (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP,
Statutory Auditors**

10 Queen Street Place,
London, EC4R 1AG

Date: 5th October 2020

SPURGEONS

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 March 2020

	Notes	2020			2019		
		Unrestricted Funds £000s	Restricted Funds £000s	Total Funds £000s	Unrestricted Funds £000s	Restricted Funds £000s	Total Funds £000s
Income from:							
Donations & legacies							
Donations		200	979	1,179	232	1,149	1,381
Legacies		149	-	149	398	-	398
Investments:							
Rental income		165	192	357	103	187	290
Interest		25	12	37	20	9	29
Dividends		150	-	150	139	-	139
Charitable activities:							
Amounts received towards the support of children, young people & families	3	2,096	9,464	11,560	2,062	9,305	11,367
Total Income		2,785	10,647	13,432	2,954	10,650	13,604
Expenditure on:							
Raising funds:							
Fundraising, marketing & promotion		395	-	395	309	79	388
Investment property costs		70	10	80	81	18	99
Charitable activities							
Support of children, young people & families	4	2,333	10,041	12,374	2,646	9,667	12,313
Total Expenditure	5	2,798	10,051	12,849	3,036	9,764	12,800
Net (expenditure)/ income before net (loss) / gains on investments		(13)	596	583	(82)	886	804
Net (loss) / gains on investments	9	(643)	342	(301)	76	20	96
Net (expenditure) / income after net gains on investments		(656)	938	282	(6)	906	900
Transfers between funds		(146)	146	-	(214)	214	-
Net movement in funds		(802)	1,084	282	(220)	1,120	900
Total Funds brought forward at 1st April	12	10,866	6,725	17,591	11,086	5,605	16,691
Total Funds carried forward at 31st March	12	10,064	7,809	17,873	10,866	6,725	17,591

- The net (deficit) / surplus of income over expenditure, together with details of income and expenditure required by the Companies Act, may be derived from the net movement in funds in the Statement of Financial Activities above, excluding unrealised gains in investments and movement on endowment funds which was expenditure of £342,000 (2019: £20,000).
- All amounts derive from continuing activities. There were no gains or losses recognised in the year other than those shown in the Statement of Financial Activities above.
- The Notes on pages 46 to 60 form part of these financial statements.

SPURGEONS

BALANCE SHEET AS AT 31 March 2020

COMPANY NUMBER 3990460

	Notes	2020 £000's	2019 £000's
FIXED ASSETS			
Tangible fixed assets	7	133	152
Intangible fixed assets	8	65	78
Investments	9	13,716	14,006
Total fixed assets		13,914	14,236
CURRENT ASSETS			
Stock		12	2
Debtors	10	735	842
Cash at bank and in hand		4,592	3,856
Total current assets		5,339	4,700
LIABILITIES			
Creditors: Amounts falling due within one year	11	(1,380)	(1,345)
Net current assets		3,959	3,355
TOTAL NET ASSETS		17,873	17,591
THE FUNDS OF THE CHARITY			
Endowment funds	12(a)	95	99
Restricted funds	12(a)		
- D.J. Thomas fund *		4,847	4,401
- UK projects fund		2,867	2,225
Total restricted funds		7,809	6,725
- Designated funds **	12(a)	7,274	8,038
- General funds ***	12(a)	2,790	2,828
Total unrestricted funds		10,064	10,866
TOTAL FUNDS		17,873	17,591

* The D.J. Thomas fund includes a revaluation reserve of £2,798,000 (2019: £2,456,000)

** Designated funds include a revaluation reserve of £2,975,000 (2019: £3,740,000)

*** General funds include a revaluation reserve of £1,425,000 (2019: £725,000).

Approved by the Board of Trustees and authorised for issue on the 16th July 2020 and signed on its behalf:

Sarah Powley *Andrew H. A. Caplen*

Sarah Powley

Andrew Caplen

The Notes on pages 46 to 60 form part of these financial statements.

SPURGEONS

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2020

	Notes	2020 £000's	2019 £000's
Cash flows from operating activities:			
Net cash provided by operating activities	(Note a)	225	227
Cash flows from investing activities:			
Rental Income		357	290
Interest and dividends		187	168
Purchase of capital equipment		(22)	(49)
Additions at cost: common investment funds		(5,498)	(738)
Disposal proceeds: common investment funds		5,538	791
Cash retained in common funds		(40)	(53)
Cash reclassified as fixed asset investments		(11)	(9)
Net cash provided by investing activities		511	400
Change in cash and cash equivalents in the year		736	627
Cash and cash equivalents at beginning of year		3,856	3,229
Cash and cash equivalents at the end of the year	(Note b)	4,592	3,856

a) Cash flows from operating activities:		2020 £000's	2019 £000's
Net cash provided by operating activities			
Net income		583	804
Adjustments for:			
Depreciation charges		54	52
Dividends, interest & rents from investments		(544)	(458)
(Increase) in stock		(10)	(1)
Decrease/(increase) in debtors		107	(187)
Increase in creditors		35	22
(Increase) in pension bonds		-	(5)
Net cash provided by operating activities		225	227

b) ANALYSIS OF CHANGES IN NET FUNDS	At 1 April 2019 £000's	Cashflow £000's	Non-cash changes £000's	At 1 April 2020 £000's
Cash at bank and in hand	2,744	728	-	3,472
Notice deposits (less than 3 months)	1,112	8	-	1,120
	3,856	736	-	4,592

SPURGEONS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2020

1. ACCOUNTING POLICIES

a) **General information**

Spurgeons is a charitable company limited by guarantee incorporated in England and Wales (company number 3990460) and registered with the Charity Commission (Charity Registration number 1081182). The charity's registered office address is 74 Wellingborough Road, Rushden, Northamptonshire NN10 9TY.

b) **Basis of preparation**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments which are carried at fair value, and in accordance the Statement of Recommended Practice for Charities (SORP 2019), with applicable accounting standards (FRS 102) and the Companies Act 2006. In doing so the charitable company has adopted early the amendment to FRS 102 (second edition - October 2019).

The charitable company meets the definition of a public benefit entity under FRS102.

c) **Going concern**

The trustees consider that there are no material uncertainties regarding the charitable company's ability to continue as a going concern. The impact of COVID-19 on our work and income has been set out in the main body of the Trustees Report. The risks to our income as a result of the COVID-19 pandemic have not substantially materialised in the first third of 2020/21. One contract area informed Spurgeons in May that they intended making a 5% saving to the annual contract value within the year. No other commissioner or contract has informed us of required changes and in each of our contracts the terms of any variation to contract or termination is clearly set out. Taking these provisions into account the Trustees consider that there are sufficient funds and clarity to our mission to ensure that we will remain a going concern beyond 2021.

d) **Income**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Dividends, collections and appeals are credited to the Statement of Financial Activities as received.

Interest, rents and amounts receivable from local authorities towards the support of the children, young people and families are credited to the Statement of Financial Activities on an accruals basis.

For legacies, entitlement is taken as the earlier of the date of notification that a distribution will be made and when a distribution is received from an estate.

Goods and services donated for the charity's own use are recognised in the Statement of Financial Activities at the value to the charity as both income and expenditure.

e) **Expenditure**

Expenditure is accounted for on an accruals basis. Irrecoverable VAT is included within the expense items to which it relates.

Direct expenditure on charitable activities includes all costs directly relating to delivering the charity's principal activities in supporting children, young people and families.

SPURGEONS

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2020 (Cont'd)

1. ACCOUNTING POLICIES (continued)

Support costs consist of central management, administration and governance costs and are allocated entirely to expenditure on charitable activities as detailed in Note 5 to the accounts. Governance costs represent direct and indirect costs incurred in relation to strategic management and compliance with constitutional and statutory requirements.

f) **Tangible fixed assets**

Tangible fixed assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. The minimum amount for the capitalisation of assets is £2,000. Assets purchased for projects funded by the local authorities are expensed upon purchase rather than depreciating over the life of the project.

Depreciation is provided on all tangible assets, other than freehold land, to write off the cost, less estimated residual value of each asset over its expected useful life on a straight-line basis. The estimated useful lives are as follows:

Freehold buildings	- 2% per annum on cost
Fixtures and fittings	- 12.5% and 25% per annum on cost
Computer equipment	- 33⅓ % per annum on cost
Motor vehicles	- 25% per annum on cost

g) **Intangible fixed assets**

Intangible assets are held at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight-line basis to write off the cost over their expected useful economic lives being 5 years.

h) **Fixed asset investments**

Quoted investments are valued at market price at the balance sheet date.

Investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised in the Statement of Financial Activities.

Pension bonds are amounts required to be set aside under contractual arrangements in respect of local government pension schemes and are measured at cost.

Gains and losses on disposal and revaluation of investments are charged or credited to the Statement of Financial Activities.

i) **Stocks**

Stocks consist of goods held for resale, valued at the lower of cost and net realisable value.

j) **Financial instruments – assets and liabilities**

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within current liabilities.

Debtors and creditors

Debtors and creditors with no stated interest rates are recorded at transaction price and subsequently measured at amortised cost. Any losses arising from impairment are recognised in the Statement of Financial Activities.

SPURGEONS

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Cont'd)

1. ACCOUNTING POLICIES (continued)

k) **Employee benefits**

The charity provides a range of benefits to employees including paid holiday arrangements and defined benefit and defined contribution pension plans.

Short term benefits

Short term benefits, including holidays and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Defined contribution pension plans

The charity contributes to a Group Personal Pension Plan for employees. The employer contributions range between 5% and 7% of gross pay depending upon the level of employee contribution. Contributions are further enhanced by a salary sacrifice arrangement through which the employer pays into the employee's pension fund 10% of the 13.8% employer's NI saving on the salary sacrificed.

In compliance with the auto enrolment requirements the charity contributes to a separate section of the Group Personal Pension Plan for those employees not wishing to join the enhanced scheme, at an initial rate of 1%, no salary sacrifice option is available.

The contributions are recognised as an expense when they fall due. The assets of the pension plans are held separately from the Charity in independently administered funds. The Charity's total Group Personal Pension Plan contribution for the year was £224,000 (2019: £214,000).

Local Government Pension Schemes (LGPS)

The Charity also has some colleagues that have been transferred into the organisation via TUPE transfer and are members of Local Government Pension Schemes. Under the terms of the associated contract arrangements the charity is responsible for making good any pension deficits that arise during the period of the contracts. As the contributions payable are estimated on a fully funded basis, contributions to the schemes are included within the Statement of Financial Activities on an accruals basis as incurred.

l) **Funds**

Fund balances are split between unrestricted (general and designated), restricted and endowment funds.

Permanent Endowment Funds, being composed of a fund which is treated as being permanently endowed in accordance with an agreement with the Charity Commission.

Restricted Funds are to be used for specified purposes as laid down by the donor.

Unrestricted General Funds are funds which can be used in accordance with the charitable objects of the charity at the discretion of the trustees.

Unrestricted Designated Funds are funds which have been set aside for a purpose specified by the trustees as explained in Note 12 to the financial statements.

m) **Operating leases**

Rentals incurred under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

SPURGEONS

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Cont'd)

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the charity's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. 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.

Key areas subject to judgement and estimation are as follows:

Donations, Grants and Legacies

Donations and grants are recognised when the charity has confirmation of both the amount and settlement date, in the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. Where the donation or grant is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacies are included in the Statement of Financial Activities when probate is granted, the charity is entitled to the legacy and the executors have established there is surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Local Authority Funding

Local Authority funding is recognised in accordance with the invoicing schedule, specified in the contract between Spurgeons and the local authority.

Investment property

The charity measures its investment properties at fair value in accordance with FRS 102. A full professional valuation of the investment property portfolio was commissioned in the year however in light of Brexit and COVID-19, the original revaluations were subsequently reduced by 20%, resulting in an overall increase of the overall property valuations of £277,000. The Trustees approved the revised valuations in March 2020 and consider the values stated to be an appropriate estimate of fair value for reporting purposes as at 31st March 2020.

Provisions for dilapidation works to leased properties

Management review and provide for potential dilapidations in respect of properties where the lease includes an obligation to restore the premises to the condition they were in when the lease was entered into. Management reviews such provisions on an annual basis and updates them in accordance with historical experience and events that might materially impact on the potential costs to the charity. At the balance sheet date, the total amounts accrued within creditors were £72,000 (2019: £46,000).

Investment Income

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

SPURGEONS

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Cont'd)

3. ANALYSIS OF AMOUNTS RECEIVED TOWARDS THE SUPPORT OF CHILDREN & YOUNG PEOPLE & FAMILIES YEAR ENDED 31 MARCH 2020

	Unrestricted Funds £000's	Restricted Funds £000's	2020 Total £000's	2019 Total £000's
Fees and other project income	174	178	352	408
Churches and other partners	4	(4)	0	10
Catering	203	-	203	-
Statutory sector				
Local authorities	1,561	8,596	10,157	10,071
NOMS	154	694	848	878
Total	2,096	9,464	11,560	11,367

ANALYSIS OF AMOUNTS RECEIVED TOWARDS THE SUPPORT OF CHILDREN & YOUNG PEOPLE & FAMILIES YEAR ENDED 31 MARCH 2019

	Unrestricted Funds £000's	Restricted Funds £000's	2019 Total £000's	2018 Total £000's
Fees and other project income	284	124	408	411
Churches and other partners	10	-	10	63
Statutory sector				
Local authorities	1,616	8,455	10,071	7,270
NOMS	152	726	878	839
Total	2,062	9,305	11,367	8,583

4. ANALYSIS OF AMOUNTS EXPENDED IN THE SUPPORT OF CHILDREN, YOUNG PEOPLE AND FAMILIES YEAR ENDED 31 MARCH 2020

Type of project	Unrestricted Funds £000's	Restricted Funds £000's	2020 Total £000's	2019 Total £000's
Children's centres	1,749	7,526	9,275	8,882
Children & young people affected by Imprisonment	237	1,019	1,256	1,289
Family support	202	868	1,070	1,042
Youth, community & young carers	145	625	770	1,100
Other	-	3	3	-
Total	2,333	10,041	12,374	12,313

SPURGEONS

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Cont'd)

ANALYSIS OF AMOUNTS EXPENDED IN THE SUPPORT OF CHILDREN,
YOUNG PEOPLE AND FAMILIES YEAR ENDED 31 MARCH 2019

	Unrestricted Funds £000's	Restricted Funds £000's	2019 Total £000's	2018 Total £000's
Type of project				
Children's centres	1,909	6,973	8,882	6,694
Children & young people affected by Imprisonment	277	1,012	1,289	1,480
Family support	224	818	1,042	485
Youth, community & young carers	236	864	1,100	1,299
	2,646	9,667	12,313	9,958

5. TOTAL EXPENDITURE YEAR ENDED 31 MARCH 2020

	Staff Costs (Note 6) £000's	Depreciation £000's	Other costs £000's	2020 Total £000's
Expenditure on raising funds				
- Fundraising, marketing & promotion	246	-	149	395
- Investment property costs	-	-	80	80
Charitable expenditure				
- Project costs	7,907	32	4,435	12,374
	8,153	32	4,664	12,849

TOTAL EXPENDITURE YEAR ENDED 31 MARCH 2019

	Staff Costs (Note 6) £000's	Depreciation £000's	Other costs £000's	2019 Total £000's
Expenditure on raising funds				
- Fundraising, marketing & promotion	201	-	187	388
- Investment property costs	-	-	99	99
Charitable expenditure				
- Project costs	6,918	37	5,358	12,313
	7,119	37	5,644	12,800

SPURGEONS

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Cont'd)

NET MOVEMENT IN FUNDS

	2020 £000's	2019 £000's
The net movement in funds is stated after charging:		
Depreciation	54	52
Operating lease rentals - buildings	133	176
Operating lease rentals - other	36	34
Auditor's remuneration (including VAT) - audit	17	14

SUPPORT COSTS

Operational management	848	953
Business development	212	161
Finance, IT & corporate services	621	569
Human resources & people development	279	341
Governance	80	59
Other central support and administration	76	324
	2,116	2,407

Organisational support costs are charged in line with contract agreement and deliverables. Both recovered and unrecovered support costs are included entirely within the analysis of amounts expended in the support of children, young people and families detailed in Note 4 above.

GOVERNANCE COSTS

	2020 £000's	2019 £000's
Audit	17	14
Trustees' expenses	3	3
Other costs	35	36
Professional indemnity insurance	6	6
	61	59

SPURGEONS

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Cont'd)

6. STAFF COSTS

	2020 £000's	2019 £000's
Wages and salaries	7,245	6,381
Social security costs	585	514
Pension costs	323	224
	8,153	7,119

Employee emoluments over £60,000

	2020 Number	2019 Number
Employees continuing in service:		
£60,001 to £70,000	1	1
£70,001 to £80,000	1	1
£80,001 to £90,000	-	1
£90,001 to £100,000	1	-

The Senior Executive Team consists of three people.

The total emoluments for key management personnel for the organisation in the year, including gross salary, employer's pension contribution, employers NI Contributions, and benefits in kind, were £294,726 (2019: £282,180).

The average number of employees (including casual workers) in the year was 354 (2019: 332).

The charity paid £106,153 (2019: £38,223) in termination payments during the year.

Analysis of full time equivalent employees

	2020 FTE	2019 FTE
Central departments and regional offices	42	42
Projects and services	239	219
	281	261

SPURGEONS

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Cont'd)

7. TANGIBLE FIXED ASSETS

	Computer Equipment Fixtures & Fittings £000's	Permanemt Endowment Freehold Property £000's	Total £000's
Cost/valuation			
At 1 April 2019	252	185	437
Additions	13	-	13
Disposals	(85)	-	(85)
As at 31 March 2020	180	185	365
Accumulated depreciation			
At 1 April 2019	199	86	285
Charge for the year	28	4	32
Disposals	(85)	-	(85)
As at 31 March 2020	142	90	232
Net book value			
As at 31 March 2020	38	95	133
At 1 April 2019	53	99	152

The carrying value of freehold property is deemed cost as previously adopted under UK GAAP.

All tangible fixed assets are used for charitable purposes.

8. INTANGIBLE FIXED ASSETS

	Computer Software £000's
Cost	
At 1 April 2019	106
Additions	9
Disposals	-
As at 31 March 2020	115
Accumulated depreciation	
At 1 April 2019	28
Charge for the year	22
Disposals	-
As at 31 March 2020	50
Net book value	
At 31 March 2020	65
At 1 April 2019	78

SPURGEONS

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Cont'd)

9. FIXED ASSET INVESTMENTS

	2020 £000's	2019 £000's
a) Analysis of investments by class		
UK Common investment funds	4,469	5,047
Investment properties	7,587	7,310
Notice deposits (less than 3 months)	1,655	1,644
Total investments - charity	13,711	14,001
Pension bonds (see note 1.h)	5	5
Total investments	13,716	14,006
b) Movement in market value of investments		
Market value as at 1 April 2019	14,006	13,896
Additions at cost: common investment funds	5,498	738
Disposal proceeds: common investment funds	(5,538)	(791)
Cash retained in common funds	40	53
Acquisitions at cost: Notice deposits	11	9
Acquisitions at cost: Pension bonds	-	5
Unrealised appreciation	(301) *	96 *
Market value as at 31 March 2020	13,716	14,006
Historic cost of common investment funds	3,539	3,579
Historic cost of investment properties	389	389

* includes revaluation gain of £342,000 (2019: £20,000) on DJ Thomas investment property

10. DEBTORS: Amounts falling due within one year

	2020 £000's	2019 £000's
Trade debtors	182	421
Prepayments & accrued income	541	409
Other debtors	12	12
	735	842

11. CREDITORS: Amounts falling due within one year

	2020 £000's	2019 £000's
Trade creditors	96	598
Accruals & deferred income	1,012	497
Taxation & social security	149	136
Pension contributions	92	40
Other creditors	31	74
	1,380	1,345

Deferred income relates to income received in advance all of which is released in the following financial year, deferred income of £64,000 as at March 2019 was fully released in the year. As at March 2020, deferred income was £84,000.

12. FUNDS

a) MOVEMENT IN FUNDS FOR THE YEAR ENDED 31 MARCH 2020

	Balance at 1 April 2019 £000's	Income £000's	Expenditure £000's	Investment gains £000's	Transfers £000's	Balance at 31 March 2020 £000's
RESTRICTED FUNDS						
(i) Foundation trust -						
Permanent endowment*	99	-	(4)	-	-	95
(ii) UK projects	2,225	10,443	(9,947)	-	146	2,867
(iii) D. J. Thomas	4,401	204	(100)	342	-	4,847
TOTAL RESTRICTED	6,725	10,647	(10,051)	342	146	7,809
UNRESTRICTED FUNDS						
Designated funds						
(iv) Central office development fund	2,614	-	-	-	-	2,614
(v) Property investment fund	3,924	-	-	(764)	-	3,160
(vi) Service development fund	1,500	-	-	-	-	1,500
General funds						
(vii) General funds	2,828	2,784	(2,798)	122	(146)	2,790
TOTAL UNRESTRICTED	10,866	2,784	(2,798)	(642)	(146)	10,064
TOTAL FUNDS	17,591	13,431	(12,849)	(300)	-	17,873

b) MOVEMENT IN FUNDS FOR THE YEAR ENDED 31 MARCH 2019

	Balance at 1 April 2018 £000's	Income £000's	Expenditure £000's	Investment gains £000's	Transfers £000's	Balance at 31 March 2019 £000's
RESTRICTED FUNDS						
(i) Foundation trust -						
Permanent endowment*	102	-	(3)	-	-	99
(ii) UK projects	1,205	10,469	(9,663)	-	214	2,225
(iii) D. J. Thomas	4,298	181	(98)	20	-	4,401
TOTAL RESTRICTED	5,605	10,650	(9,764)	20	214	6,725
UNRESTRICTED FUNDS						
Designated funds						
(iv) Central office development fund	2,614	-	-	-	-	2,614
(v) Property investment fund	4,042	-	-	(118)	-	3,924
(vi) Service development fund	1,500	-	-	-	-	1,500
General funds						
(vii) General funds	2,930	2,954	(3,036)	194	(214)	2,828
TOTAL UNRESTRICTED	11,086	2,954	(3,036)	76	(214)	10,866
TOTAL FUNDS	16,691	13,604	(12,800)	96	-	17,591

SPURGEONS

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Cont'd)

12. FUNDS (Continued)

- (i) The foundation trust is a permanent endowment vested in the charity's registered office freehold property in Rushden, which is held in the unincorporated charity, Spurgeons Child Care. A uniting direction approved by the Charity Commission in 2005 led to Spurgeons Child Care being incorporated into Spurgeons.
- (ii) Funding which has been given for a particular project, and any related expenditure, has been recorded in restricted funds in the year. Transfers in the year represent the following:
 - 1. The meeting of net deficits from general funds on restricted funded projects which are not recoverable from future funding.
 - 2. The movement of restricted funded project surpluses to general funds where either the projects have ended or no further contractual liabilities exist.
- (iii) The assets of the D.J. Thomas Fund can be used in accordance with the objects of the charity, to provide and facilitate the provision of the education, maintenance and support of children and young adults, who have not attained the age of 25 years and who, in the opinion of the Trustees, are in need of financial assistance.
- (iv) The central office development fund was designated by the Trustees in the in 2014/15 for the provision of the appropriate infrastructure for the long term purposes of the charity; to provide for the future office needs of the organisation. The current fund value of £2,614,000 may be varied up to a maximum of £3 million and is expected to be utilised in the next two years. £nil has been spent in this financial year on improvements to the Rushden central office (2019: £nil).
- (v) The property investment fund is designated for the provision of income for the long-term benefit of children and young people from sums invested in property. The income yield will be utilised for unrestricted income. The capital value of the assets will vary according to the market values of the assets under management. The assets in the fund are valued annually. In 2020 we will be reviewing how investments are managed to maximise returns. This may lead to the disposal of some properties over the next three years.
- (vi) The service development fund is designated for the provision of work that is new to Spurgeons that compliments existing projects or develops partnerships in new areas of work. This is expected to be utilised in the next two years.
- (vii) General funds represent the free funds of the Charity which are not designated for particular purposes.

SPURGEONS

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Cont'd)

12. FUNDS continued

c) ANALYSIS OF ASSETS BETWEEN FUNDS AS 31 MARCH 2020

	Tangible fixed assets £000's	Intangible fixed assets £000's	Investments £000's	Net current assets £000's	Total £000's
Spurgeons:					
Unrestricted funds	38	65	9,126	835	10,064
Restricted funds - UK projects	-	-	-	2,867	2,867
Restricted funds - D. J. Thomas	-	-	4,590	257	4,847
	38	65	13,716	3,959	17,778
Spurgeons:					
Foundation trust -					
Permanent endowment*	95	-	-	-	95
Total	133	65	13,716	3,959	17,873

d) ANALYSIS OF ASSETS BETWEEN FUNDS AS 31 MARCH 2019

	Tangible fixed assets £000's	Intangible fixed assets £000's	Investments £000's	Net current assets £000's	Total £000's
Spurgeons:					
Unrestricted funds - General	53	78	9,810	925	10,866
Restricted funds - UK projects	-	-	-	2,225	2,225
Restricted funds - D. J. Thomas	-	-	4,196	205	4,401
	53	78	14,006	3,355	17,492
Spurgeons:					
Foundation trust -					
Permanent endowment*	99	-	-	-	99
Total	152	78	14,006	3,355	17,591

SPURGEONS

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Cont'd)

13. TRANSACTIONS WITH TRUSTEES

During the year the Charity reimbursed expenses of £3,386 (2019: £2,738) incurred by six Trustees (2019: six Trustees) in travelling to meetings and visiting projects.

None of the trustees have been paid any remuneration or received any other benefits from employment with the charity or a related entity.

14. RELATED PARTY TRANSACTIONS

There were no related party transactions in the current or previous year.

15. TAXATION

Spurgeons is exempt from income tax and corporation tax on income and gains derived from its charitable activities as these activities fall within various exemptions available to registered charities.

16. OPERATING LEASE COMMITMENTS

At the balance sheet date the charity had the following future minimum rentals payable in respect of non-cancellable operating leases:

	2020 Property £000's	2020 Equipment £000's	2019 Property £000's	2019 Equipment £000's
Minimum rentals falling due:				
Not later than one year	27	21	135	34
Later than one year, not later than 5 years	227	29	313	35
Later than 5 years	-	-	-	-
	254	50	448	69

At the balance sheet date the charity had the following operating lease rentals receivable:

	2020 Commercial (Lease) £000's	2020 Residential (Tenancy) £000's	2019 Commercial (Lease) £000's	2019 Residential (Tenancy) £000's
Minimum rentals receivable within:				
Not later than one year	-	10	195	117
Later than one year, not later than 5 years	200	8	294	2
Later than 5 years	-	-	-	-
	200	18	489	119

SPURGEONS

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Cont'd)

17. POST BALANCE SHEET EVENTS

Wiltshire City Council has advised a 5% reduction in income for the period to June 2021, the impetus for the deduction has been cited as Coronavirus related.

18. SPECIFIC ACKNOWLEDGEMENTS

Certain funders require a specific acknowledgement of their grant. The following grants and their related expenditure is shown under Restricted Funds in the Statement of Financial Activities.

Big Lottery Fund – Reaching Communities – Grant funding for our F.I.S.H. project, carried forward funds from the previous year £29,000 was fully utilised in the year.

Big Lottery Fund – Reaching Communities - Grant received for our Invisible Walls project £72,500 (2019: £145,000), all of which was spent in the year.

Comic Relief - Grant received for our BeLeave project £70,985 (2019: £78,698) all of which was spent during the financial year.

Comic Relief (KFC) - Grant received for our BeLeave project £55,000 (2019: £nil).

Ministry of Defence Covenant Fund - Grant received for our Recovering Together project £41,010 (2019: £128,319).

Rayne Foundation - Grant received for our BeLeave Project £nil (2019: £40,000) of which £26,667 was spent in the year and £6,667 will be carried forward to 2021.

SafeLives - Grant received for our Norwich Connect Project £484,669 (2019: £405,659) of which £82,836 will be carried forward to future years.

Birmingham Sport and Physical Activity Trust – Grant received for our Happy Health Holidays project £25,200 (2019: £nil) all of which was spent during the financial year.

The Maurice and Hilda Charitable Trust – Grant received for our Invisible Walls project £10,000 (2019: £nil). Of the £10,000 received in the year, £5,833 will be carried forward to 2021.

Office of the Police and Crime Commissioner for Hampshire – Grant received for our Invisible Walls project (Ace Training) £7,500 (2019: £nil) all of which was spent during the financial year.

THANK YOU

We are especially grateful for the support from the following organisations:

BBC Children in Need
The National Lottery Community Fund - Reaching Communities England
The National Lottery Community Fund – Celebrate National Lottery 25
Comic Relief & KFC
SafeLives
Tesco & Groundwork
Winchester Prison Tea Bar Ltd
The Wilson Family Trust
KPE4 Charitable Trust
1772 Charity
Screwfix Foundation
The Grantham Yorke Trust
The Casey Trust
Zurich Community Trust
The John Jarrold Trust
The Michael Marsh Charitable Trust
Eveson Charitable Trust
The Roger and Douglas Turner Charitable Trust
Morrisons Foundation
The S M B Trust
Edgar E Lawley Foundation
Moto in the Community
The Edward Cadbury Charitable Trust
The Donald and Patricia Marsh Charitable Trust
The Calpe Trust
The Blakemore Foundation
The Prince of Wales's Charitable Fund

We have been so pleased this year to continue to provide life changing services to so many children, young people and their families across England. We are happy to have been able to work with the following Local Authorities and other organisations to be able to deliver these services:

Birmingham City Council
Buckinghamshire County Council
CAFCASS
Dudley Metropolitan Borough Council
National Offender Management Service
Peterborough City Council
Surrey County Council
Wiltshire County Council
Wolverhampton City Council
Birmingham Community Healthcare NHS Trust
Birmingham Children's Trust
Faringdon Town Council
Ministry of Defence