



Community Foundation for Lancashire

Lancaster City Council's Trust Funds

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Lancaster City Council & Community Foundation for Lancashire

We would welcome the opportunity to work in partnership with Lancaster City Council to enhance your work in supporting the local community and voluntary sector.

This document provides an overview of the Community Foundation and how we can work in partnership with you to ensure that your trust funds are being managed as cost-effectively as possible and that their charitable objects are meeting real social need in the communities of Lancaster.

For Communities. For Donors. For Lancashire.

Registered charity number 1123229

a) Background to Community Foundation for Lancashire

Community Foundation for Lancashire is a local grant-maker belonging to a national network of community foundations. As one of the UK's most innovative community foundations, we work with donors with varying levels of wealth and resources all having one common aim; they care passionately about the future of Lancashire and wish to make a genuine difference to local lives.

The Community Foundation connects donors to the community by distributing grants to local community groups and voluntary projects operating in Lancashire. Since 2003 almost £8 million has been given to local causes. We work with philanthropic individuals, corporate donors, trusts, foundations and public sector partners; all wishing to achieve social change and improve the immediate community.

The Community Foundation for Lancashire is a member of the Community Foundation Network (CFN) - a national network of 58 community foundations in the UK. The Community Foundation has The Rt. Hon. Lord Shuttleworth as President and a board of trustees, led by Chairman Peter Robinson OBE DL. As a Community Foundation, we involve you every step of the way from determining what issues or causes you want to support, through to who actually receives a grant.

The Community Foundation for Lancashire team, working in partnership with the Community Foundation for Merseyside, has eleven years of experience in managing grants on behalf of public and private sector organisations and individuals.

The donor journey travels through fund creation to grant-making where panels are established and decisions are made. Full assessment and appraisals take place ensuring due diligence. Once a community group has submitted a successful application and the project has been executed, the Community Foundation ensures that full monitoring takes place with project visits to funded groups, and full reporting on the impact of the grant-making.

We have local expertise and in-depth knowledge of the community and voluntary sector having worked closely with voluntary and community groups across Lancashire and Merseyside for over a decade. We work with a wide range of community groups, giving us a comprehensive view of local issues and the ability to make connections between various needs and issues. We aim to utilise voluntary and community groups to help shape the direction of our organisation and ensure that we are responsive to the communities we serve.

We ensure that funds are spent effectively and efficiently to achieve the greatest positive impact. We have a proven track record in successfully delivering projects that target corporate social responsibility, charitable objectives and strategic grant-making on behalf of private and public sector organisations that are committed to improving Lancashire.

We are currently undertaking our first **Local Social Needs Analysis** to research the areas and themes of greatest need across the region. This report will help us inform donors about the most effective potential impact their funding can have. By making this connection between issues in the community, we will drive our grant-making programmes to address real issues, ensuring maximum impact and achieving social change in the local community.

Further information on the Community Foundation can be found at www.lancsfoundation.org.uk

b) The Boost Initiative



The Community Foundation for Lancashire's sister foundation, Community Foundation for Merseyside, manages a national award winning project called the Boost Initiative.

The aim of Boost is to unlock dormant and inactive charitable assets, and enhance the impact of these assets for the benefit of people and communities throughout the UK. The Boost Initiative is a partnership between the Charity Commission and the Community Foundation Network.

Community Foundations are ideally placed to reactivate charitable assets due to our expertise in fund management and the disbursement of grants, our experience in managing endowment funds and our in-depth local knowledge.

Since the launch of the Boost Initiative a number of private charitable trusts and local authorities have made the decision to work with their local Community Foundation across the whole of the UK.

More information on the Boost Initiative can be found at www.boostinitiative.org.uk

c) Local Authorities' Trust Funds

Local Authorities often act as a trustee for a number of trust funds. The Community Foundation offers local authorities the opportunity to work in partnership to ensure that trust funds are managed as effectively as possible to benefit the local community, whilst respecting the original objects of the trust funds.

Now more than ever local authorities are seeking to minimise costs and ensure the best use of staff time and resource. Community foundations are able to provide a flexible and cost-effective solution to local authorities, freeing them from the administrative burden of managing and reporting on several separate small trust funds that often struggle to meet their charitable objects.

Community Foundations, with the Charity Commission's support, are able to amalgamate local authorities' small trust funds into one larger fund that can be more effective, not only in terms of grant-making and administration, but also in terms of investment income on endowment, enabling more money to be distributed to charitable causes.

The Charity Commission has produced a tool-kit as a resource for local authorities which can be accessed at www.charitycommission.gov.uk/Library/toolkitppt.ppt.

This tool-kit highlights the responsibility of local authorities that are the trustee of trust funds, as outlined overleaf.

1. Compliance

- Ensure that the charity does not breach any of the requirements or rules set out in its governing document and that it remains true to, and fulfils, the charitable purpose and objects set out there
- Ensure that the charity complies with charity law, and with the requirements of the Charity Commission as regulator; in particular ensure that the charity prepares reports on what it has achieved and annual returns and accounts as required by law
- Comply with the requirements of other legislation and other regulators (if any) which govern the activities of the charity
- Act with integrity, and avoid any personal conflicts of interest or misuse of charity funds or assets

2. Duty of Prudence

- Ensure that the charity is and will remain solvent
- Use charitable funds and assets reasonably, and only in furtherance of the charity's objects
- Avoid undertaking activities that might place the charity's endowment, funds, assets or reputation at undue risk
- Take special care when investing the funds of the charity, or borrowing funds for the charity to use

3. Duty of Care

- Use reasonable care and skill in their work as trustees, using their personal skills and experience as needed to ensure that the charity is well-run and efficient
- Consider getting external professional advice on all matters where there may be material risk to the charity, or where the trustees may be in breach of trust.

Local authorities strive to manage their trust funds in an effective way whilst respecting the original benefactor's wishes, however in practice this is not always possible due to time and resource constraints.

The Community Foundation is able to ensure that local authorities' charitable assets are used effectively to target real need in the local community, whilst adhering to Charity Commission regulations.

d) The Community Foundation: An Overview of Our Work

The Community Foundation for Lancashire has been grant-making since 2003, originally under the umbrella of the Community Foundation for Merseyside prior to the official launch of Community Foundation for Lancashire in the summer of 2008.

The Community Foundation has delivered almost £8 million to grassroots community groups and voluntary organisations throughout Lancashire in the past nine years. Over £540,000 has been distributed in Lancaster.

Some examples of funds that we have delivered in Lancashire include:

Fair Share - The Fair Share Trust Programme was established to distribute Big Lottery funding in areas that were recognised as not having received as much lottery funding for projects as other areas in the UK. The Community Foundation has delivered Fair Share in Hyndburn, distributing grants aiming to:

- Build capacity and sustainability in local communities
- Build social capital offering funding for projects supporting job creation, skills development, social networks and community engagement
- Improve the local environment

Grassroots Grants - Community Foundation for Lancashire has distributed over £1.5 million into local grassroots communities to increase or develop the capacity of small community and voluntary groups.

Local Network Fund - This fund supported small community and voluntary groups to improve outcomes and opportunities for children and young people aged 0-19. Over £5,250,000 was awarded throughout Lancashire to projects that worked with young people during the duration of this programme.

Sport Relief - This programme was established by Comic Relief and the BBC to use sports as a means of tackling poverty and disadvantage. The Community Foundation distributed approximately £185,000 of grants in Lancashire as part of this programme.

e) Rossendale Borough Council: A Case Study

In 2010 Rossendale Borough Council made the decision to wind up their trust funds, all of which were dormant or inactive, and establish a new fund at the Community Foundation for Lancashire.

14 trust funds were wound up with assets totalling approximately £100,000. The trust funds had varying objects, with the majority supporting educational activities and the relief of poverty.

The 'Rossendale Community Fund' was established as a restricted fund which now sits under the Community Foundation's registered charity number, absolving the Council's annual accounting and reporting to the Charity Commission. The new fund will support the local community of Rossendale, particularly the areas of Bacup, Rawtenstall and Haslingden, via grants for educational activities and training and/ or tackling disadvantage and deprivation.

The assets have been invested with the Community Foundation's Investment Managers and the first grant-making will take place in April 2012.

"Rossendale Borough Council has established the 'Rossendale Community Fund' in partnership with the Community Foundation for Lancashire. By reactivating trust funds that had previously become dormant, the Council is now supporting residents in the local community around the themes of education, the relief of poverty and community cohesion.

At a time when national budget cuts are looking likely, the 'Rossendale Community Fund' is an ideal way to ensure money is available to support local residents. By working with the Community Foundation we know that the assets will be both invested wisely to support future generations, and we are also benefiting from the Community Foundation's expertise and experience in grant-making."

Phil Seddon, Head of Finance and Property Services,
Rossendale Borough Council

f) Opportunities for Lancaster City Council

The Community Foundation is able to provide administrative support in the management of charitable trust funds that local authorities are responsible for.

The Community Foundation can offer a flexible and cost-effective solution to Lancaster City Council, relieving the Council from the administration resource required to manage and report on several trust funds that may be struggling to meet their charitable objectives.

Option A:

Wind up trust funds & establish a new endowment fund at the Community Foundation

The Community Foundation proposes that Lancaster City Council winds up their trust funds to establish a new Fund at the Community Foundation. This will relieve the Council of its current responsibilities of managing these trust funds.

The new Fund can have new, **modernised objects** (in a similar spirit as the original objects detailed in the funds' governing documents), enabling the Council to address current community priorities in the local area.

Transferring the assets **enables the Council to continue to achieve the trust funds' objects without the administrative, legal and financial responsibilities**, which the Community Foundation will undertake.

Cat Kirkcaldy, Development Manager at the Community Foundation for Merseyside, has been **trained on the relevant aspects of Charity Law by the Charity Commission**. Should this option be chosen Cat would lead on the winding up of the trust funds, researching the trust funds original governing documents and advising the Council on the process required to adhere to Charity Commission guidelines.

Once the new fund is established the **Community Foundation will undertake all administration, solicitation of grants, assessment of all grant applications to ensure due diligence, and monitoring and evaluation of the impact of the grant-making.**

The Council has the option to either establish its own **Grant Panel to make recommendations on funding**, or utilise one of the Community Foundation's Community Grant Panels, consisting of local community leaders, residents and community sector representatives.

All recommendations on grants to be awarded are ratified by the Community Foundation's board of trustees.

By establishing an endowment fund with the Community Foundation, the charitable **assets become the legal responsibility of the Community Foundation**. The new fund will be accounted for in the Community Foundation's annual accounts as a registered charity. No further reporting or administration would be required by the Council. The endowment would be invested with the Community Foundation's professional investment managers, Rensburg Sheppards. An **annual report will provide an overview of investment performance** in-line with the Community Foundation's low to medium risk Investment Strategy.

The Community Foundation typically requests a financial contribution of 1% of the capital value of an endowment fund, to ensure that the Community Foundation as a registered charity is able to cover its costs in administering its grant programmes.

Option B:
Establish a 'flow-through' management agreement with the Community Foundation

Lancaster Council also has the option of working with the Community Foundation by entering into a management agreement. This would be what the Community Foundation refers to as a 'flow-through fund'.

If Lancaster Council were to establish a flow-through fund, the income from the trust funds endowment would be transferred to the Community Foundation on an annual basis for the Community Foundation to then grant-make on behalf of the Council.

With this option the Council would remain trustee of its trust funds and would remain responsible for the annual accounting and reporting of the charitable assets, both as part of the Council's accounts and the Charity Commission as the charity regulator.

The Community Foundation typically requests a financial contribution of 10% per annum for the administration of a flow-through fund, to ensure that the Community Foundation as a registered charity is able to cover its costs in administering its grant programmes.

g) Benefits of Working with the Community Foundation

- As the Charity Commission provides technical and legal guidance, the local authority can be assured that Charity Commission guidelines are being adhered to. The **Community Foundation has received and delivered training in partnership with the Charity Commission on the relevant aspects of Charity Law**
- The Community Foundation can enable trusts that are struggling to grant-make with outdated objectives to **modernise their objectives** to meet relevant social need and issues
- The Community Foundation is a **specialist in the management and disbursement of funds** for hugely diverse charitable activities, including the management of endowed capital
- The Community Foundation has an in-depth knowledge of local grassroots communities
- The **Community Foundation's local knowledge and partnerships** with local outreach agencies ensures that suitable grant recipients are aware of funds that are available
- The **Council can maintain involvement in grant-making by becoming a Grant Panel Member**, but without fulfilling the requirements and obligations and administrative burden that is inherent to being a trustee
- Community foundations are able to add value to trust funds, as they are often able to deliver match funding from other resources that are able to enhance the impact of a fund. **Advisory groups are often formed to support the growth of a fund.**

h) The Community Foundation - Our Service to You

Should the Council choose Option A, the winding up of the trust funds will be led by the Community Foundation and this service will be provided as part of the overall Community Foundation service.

In managing the Council's trust funds the Community Foundation will provide the following service to the Council:

- Dedicated contact at the Community Foundation who will account manage your fund
- Support from the Charity Commission, in association with the Boost Initiative, on transfer of funds
- Receiving assets and establishing a new restricted fund, in-line with the Council's objectives
- Planning criteria for grant-making, as directed by the Council - this can change annually or be fixed
- Aiming to encourage match funding by contacting local businesses and private charitable trusts in Lancaster to potentially contribute to the fund
- Soliciting grants via targeted outreach activity, utilising local Councils for Voluntary Service
- Grants team will assess grant applications to ensure due diligence
- Panel Meetings facilitated by the Community Foundation on a six monthly or annual basis
- Annual Report provided to key stakeholders detailing all grants awarded, monitoring to demonstrate impact of grant-making and up to date overview of endowment activity
- Payments made to all successful grant applicants
- Feedback provided to unsuccessful grant applicants and re-application supported
- Annual project visits organised for key stakeholders to visit funded projects
- Arranging an annual review of all services provided, to inform the next years grant-making.

i) Contact Details

The Community Foundation would welcome the opportunity to work in partnership with Lancaster City Council to help deliver your charitable objects.

Should you require any further information or wish to arrange a meeting to discuss further please contact:

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