

# Local Trust

## Annual report and financial statements for 1 April 2013 to 31 March 2014

Company number 7833396, charity number 1147511

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## Local Trust

### 1. Charity and company details

The trustees of Local Trust for the purposes of the Charities Act and the Companies Act submit their annual report and the financial statements for the year ended 31 March 2014.

**Local Trust registered company number** 7833396

**Local Trust registered charity number** 1147511

**Big Local Trust charity number** 1145916

#### Principal address

Unit D  
15-18 White Lion Street  
London  
N1 9PD

**Chair of Local Trust** John Kevin Sugrue

**Chief executive of Local Trust** Debbie Ladds

**Big Local Trust protector** Peter Thurston

#### Trustees

Michael Arthur Hamilton (chair of board and member of investment sub-committee, resigned 10 July 2013)

Kathryn Kane (member of finance and audit sub-committee)

Benjamin Yat Meng Lee (member of investment sub-committee from September 2013)

Peter Ensell Mills (member of investment sub-committee)

Clifford James Prior (resigned 19 March 2014)

Andrew John Robinson (member of finance and audit sub-committee)

Alison Margaret Seabrooke (member of investment sub-committee)

Penelope Anne Shepherd (chair of investment sub-committee)

John Kevin Sugrue (chair of board from 10 July 2013, also chair of finance and audit sub-committee)

Jonathan Michael Taylor (member of finance and audit sub-committee)

John David Whitton

#### Co-optees

Serena Loudon (member of investment sub-committee from March 2014)

Chris Wigley (member of investment sub-committee from March 2014)

## Local Trust

### **Auditor**

Crowe Clark Whitehill LLP  
St Bride's House  
10 Salisbury Square  
London EC4Y 8EH

### **Banker**

The Co-operative Bank PLC  
1 Islington High Street  
London N1 9TR

National Westminster Bank plc (from January  
2014)  
250 Regent Street  
London W1B 3BN

### **Solicitor**

Withers LLP  
16 Old Bailey  
London EC4M 7EG

### **Investment manager**

CCLA  
Senator House  
85 Queen Victoria Street  
London EC4V 4ET

### **Custodian**

Northern Trust  
50 Bank Street  
Canary Wharf  
London E14 5NT

# Local Trust

## 2. Structure, governance and management

### 2.1 Structure

Local Trust is a charitable company limited by guarantee. It is operated under the rules of its memorandum and articles of association dated 3 November 2011 and amended by written resolution dated 27 March 2012. It has no share capital and the liability of each member in the event of winding-up is limited to £1. Local Trust was registered with the Charity Commission on 30 May 2012.

Local Trust is the corporate trustee of the Big Local Trust. Local Trust and the Big Lottery Fund established Big Local Trust. Big Local Trust is an unincorporated charity governed by a trust deed dated 13 February 2012 and deed of amendment dated 5 June 2013. Big Local Trust was registered with the Charity Commission on 15 February 2012. Big Local is Local Trust's first and major initiative.

### 2.2 Focus of activities

The trustees have given due consideration to Charity Commission guidance on the operation of the public benefit requirement and is satisfied that the work of Local Trust meets that requirement. Local Trust's work in the year to 31 March 2014 primarily focused on delivering the work of Big Local Trust, supporting the 150 Big Local areas to identify their priorities and to begin to develop and deliver plans to address these priorities.

### 2.3 Governance

A board of trustees govern Local Trust. The trustees for the year of this report are listed on page 3. During the year Local Trust established two sub-committees, a finance and audit sub-committee, and an investment sub-committee, to enable appropriate governance and oversight of these functions. Four trustees sit on each sub-committee and in addition, two independent people, with relevant experience, were recruited through an open recruitment process to be co-opted to the investment sub-committee.

Local Trust also ran an open recruitment process for an additional trustee with experience of community entrepreneurship but decided, on reflection, not to appoint.

Local Trust trustees provide a range of skills and experiences to support them in leading Local Trust. Trustees can serve for up to three terms, each of three years, in total. All trustees were provided with training through a number of induction, briefing and learning sessions provided by the chair of the board, the chief executive and the fund manager.

Trustees met quarterly and from summer 2013 the finance and audit, and investment sub-committees met quarterly reporting into board meetings.

Trustees declared the following potential conflicts of interest:

- Alison Seabrooke is chief executive of the Community Development Foundation, a partner for Big Local and landlord of Local Trust until 14 June 2013.
- Andrew Robinson is a director at CCLA, the fund managers for the Big Local Trust. Andrew is also a trustee of the Community Development Foundation, a partner for Big Local and landlord of Local Trust until 14 June 2013.
- Ben Lee is a director at Shared Intelligence and the National Association for Neighbourhood Management, a partner for Big Local.

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- Cliff Prior is the chief executive at UnLtd, which is co-funding and delivering Star People for Big Local.
- John Whitton was a founding member of Rudheath and Witton Big Local partnership until summer 2013.
- Michael Hamilton is a trustee of the Community Development Foundation, a partner for Big Local and landlord of Local Trust until 14 June 2013.
- Penny Shepherd was chief executive at UK Sustainable Investment and Finance Association until June 2013. CCLA is a member of the UK Sustainable Investment and Finance Association and a number of CCLA staff are on UK Sustainable Investment and Finance Association committees. CCLA also sponsors UK Sustainable Investment and Finance Association activities from time to time.

The procedure for dealing with conflicts are described in section 6 of the articles of association of Local Trust. The procedure for dealing with conflicts related to Big Local Trust are described in clause 10 of the trust deed. Both documents are available on the Local Trust website and we followed these procedures throughout the year.

### **2.4 Responsibilities of the trustees**

The trustees of Local Trust are responsible for preparing the annual report and financial statements of Local Trust. Because Local Trust is also the corporate trustee of the Big Local Trust, group accounts are prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) that gives a true and fair view of the state of affairs of the charity and group, and of the incoming resources and application of resources, including the net income or expenditure, for the year. In preparing the financial statements the trustee is required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP)
- make judgments and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity and group. They are also responsible for safeguarding the assets of the charities and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The trustees are responsible for the maintenance and integrity of the financial information included on the charity website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Each of the trustees has confirmed that so far as he/she is aware, there is no relevant audit information of which the charity's auditors are unaware, and that he/she has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

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### **2.5 Management**

Trustees delegated the day-to-day running of Local Trust to the chief executive in line with the relevant policies and procedures developed and agreed by the board. These policies include a finance manual, grant making policies and procedures and staff handbook containing all financial and personnel policies and risk management procedures.

Local Trust has a small staff team who make use of skills and expertise locally and in partner organisations to deliver a range of support to Big Local areas. Chief executive Debbie Ladds has led Local Trust since 5 January 2012.

The board of trustees of Local Trust act as the corporate trustee of Big Local Trust.

### **2.6 Big Local Trust protector**

The Big Local Trust has a protector who has a fiduciary duty to ensure the integrity of the administration of the Big Local Trust and the propriety of its procedures, and if necessary report matters of serious concern to Big Lottery Fund as the founder, or to the Charity Commission. The Big Lottery Fund appointed Peter Thurston BA FCA as protector in 2011. The appointment is for a maximum term of five years and the protector may serve for an unlimited number of terms. The protector can receive from the Trust an annual remuneration of £15,000 and reasonable out of pocket expenses incurred in carrying out the role.

### **2.7 Income into Local Trust and Big Local Trust**

Local Trust did not receive any income in this financial year.

Incoming resources into the Big Local Trust were £5,317,400 of investment income during the year. No other income was received.

## Local Trust

### 3. Objectives and activities

#### 3.1 Development of Local Trust

During the year we further developed our thinking about our approach to supporting communities and the way in which we develop and deliver Big Local. We use a community and resident led approach to creating lasting change in the areas we support because we believe that it:

- develops the skills and confidence of the people involved and enables them to work with others to the benefit of their community
- builds on the opportunities and assets available in each community
- creates lasting, long-term solutions.

Underlying this approach is our belief that residents have a capacity and desire to drive change, and can achieve lasting and positive results when supported by those they trust and respect thereby building skills, confidence, networks, relationships and expertise in each community. We have a dynamic and evolving approach based on what we and areas are learning. We are not afraid to take risks, experiment or fail as we learn from those experiences and can improve things for the future.

#### 3.2 Objects

The objects as stipulated in Local Trust's articles of association are:

'to undertake, do and perform all things the company shall consider expedient to develop the capacity and skills (including the enterprise skills) of members of socially and economically or socially disadvantaged communities in the United Kingdom in such a way that they are better able to identify, and help meet, their needs as individuals and to improve the communities in which they live, in particular by (but not limited to) local action projects, research, evaluation and policy analysis, making grants and social investments to individuals, local enterprises and communities, thereby promoting short term and long term change and the relief of unemployment.'

The objects as stipulated in the Big Local Trust's trust deed are:

'to advance community development and the relief of unemployment for the benefit of the public in the localities in each region specified... by making Distributions to the Recipients so as to develop the capacity and skills of the members of socially and economically disadvantaged communities for the benefit of the public in such a way that they are better able to identify and help meet their needs and to participate more fully in society.'

#### 3.3 Delivery

##### Big Local Trust and the Big Local programme

The four outcomes set by the Big Lottery Fund for Big Local are:

- communities will be better able to identify local needs and take action in response to them
- people will have increased skills and confidence so that they can continue to identify and respond to local needs in the future
- the community will make a difference to the needs it prioritises
- people will feel that their area is an even better place to live.

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We ensured the effective management and governance of the Big Local Trust endowment, establishing both an investment sub-committee and a finance and audit sub-committee; appointing two co-optees to strengthen the expertise of the investment sub-committee. We held trustee away days in January and spent time considering what had been achieved and what the forward looking strategy would be for both Big Local Trust and Local Trust. We also became a London Living Wage accredited employer in February 2014 and have promoted that to those we support and work with.

We continued to manage, develop and deliver Big Local working with a range of partners both nationally and locally. Big Local areas made progress along the Big Local pathway with 41 areas having plans endorsed by 31 March 2014. During the year we completed a thorough review of national delivery with relevant partners to identify what is needed from April 2014 onwards to support Big Local. Non-conflicted trustees provided appropriate challenge to the chief executive to ensure a robust process to the benefit of the charity. Locally, Big Local areas identify and work with a range of locally trusted organisations to support their activities. These are listed on pages 30 to 33.

### **Building Communities Trust**

Local Trust in partnership with Resources for Change and Tank Consulting were successful in gaining contracts to support the directors of the new Building Communities Trust in Wales in February 2014 and then in May 2014. The aim of Building Communities Trust is to alleviate poverty in disadvantaged areas in Wales by supporting people and communities to:

- develop their own solutions
- improve their wellbeing
- raise their aspirations
- build social capital
- increase their resilience to challenging circumstances.

### **Community Investment Coalition**

Local Trust is supporting the Community Investment Coalition to increase access to affordable finance for all communities via the grant received from the Community Development Foundation. During 2013-14, we worked with the coalition to develop a community banking charter to provide a framework for addressing financial exclusion. We are also putting together a case study and video based on interviews from a Big Local area that highlight the issues that we hope the charter will affect. National discussion between the sector politicians and regulators will be encouraged through two events. We are keen that this work is grounded in the experience of the issues that residents in Big Local areas face.

### 4. Achievements and performance

#### 4.1 Big Local

All Big Local areas have made progress on their journey:

- To 31 March 2014, Getting People Involved and Getting Started funding had been accessed by all 150 areas.
- To 31 March 2014, 63 areas stated in their proposals that they hoped to receive match funding or in-kind-support totalling £420,510 during their Getting People Involved and Getting Started work.
- In 2013/14, 34 areas accessed pathway funding drawing down £480,563.
- In 2013/14, we endorsed 50 Big Local partnerships who guide the overall direction of Big Local in their area in good faith. In this financial year 75% of partnerships' members are residents and 94% of decision makers on partnerships i.e. those with voting rights are residents.
- To 31 March 2014, we had funded 41 Big Local plans to deliver against their themes. The seven themes that featured most in the plans endorsed so far are:

**34 endorsed plans focus on community:** developing and enhancing community life, building an active and vibrant community, developing community spirit and community cohesion.

**30 endorsed plans focus on environment:** enhancing, improving and making the best use of, the green spaces, public places, parks, sports and play areas.

**30 endorsed plans focus on jobs and the local economy:** support for people via training, apprenticeships and business start-ups; supporting people into employment and creating local job opportunities.

**17 endorsed plans focus on health and wellbeing:** helping people to live healthier for longer creating a happy, active and healthy community.

**16 endorsed plans focus on children and young people:** provide more activities, services and support to children and young people, ensure they are actively involved in the area; have things to do and places to go.

**14 endorsed plans focus on reducing crime:** reducing crime and anti-social behaviour; creating a cleaner, safer, stronger and more attractive place to live.

**11 endorsed plans focus on facilities:** to establish and develop communal facilities that are thriving and well used, providing a range of activities for all ages, faiths and cultures

- In 2013/14 UnLtd distributed £602,500 in Star People awards to 272 people creating community and social enterprises in their Big Local areas and distributed £40,233 to 17 Star Partners supporting Star People.
- In 2013/14 36,865 users visited our website (28,522 in the previous year) viewing over 201,132 pages (190,661 in the previous year), illustrating the growing number of people finding out about and getting involved in Big Local
- In 2013/14 we held 32 learning events, workshops and study visits with partners with 595 attendees keen to share what they are doing and find out more about the things that

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matter to them. In addition, Big Local reps organised 31 different learning events, workshops and study visits which attracted more than 300 residents.

- Working with partners we published a range of reports including:
  - Big Local annual learning review 2012 – 2013
  - Influences on the development of Big Local areas – January 2014
  - Big Local foresighting report – January 2014
  - Big Local: What's new and different? July 2013
- We announced in December 2013 that the School for Public Health Research (SPHR) is carrying out a Communities in Control study to look at the impact of Big Local (as a natural experiment in community empowerment), through the impact on social determinants of health. This research is funded by the Department for Health via the National Institute for Health Research. SPHR is a partnership between eight leading academic centres with excellence in applied public health research and evaluative practice in England.
- BT, the telecommunications provider, shared the opportunity for its staff to volunteer in Big Local areas. In March 2014 we announced a number of offers that BT had made available to Big Local areas and areas and BT staff have started to take up these opportunities.
- We also worked with crowdfunding website Spacehive to identify ways Big Local areas might use crowdfunding for activities and projects.

Further details can be found in the Big Local Trust annual report and accounts.

### **4.2 Building Communities Trust**

We were pleased to gain new work with Building Communities Trust as it started to create new work for Local Trust outside of Big Local. In the initial contract we provided some pro-bono time to help the directors complete their development grant proposal to the Big Lottery Fund and subsequently we secured the contract with Resources for Change and Tank Consulting to help the directors produce their business plan, a manual of regulations and the full application for the £15 million endowment. This work will take until October 2014.

### **4.3 Community Investment Coalition**

We were pleased to bring a local perspective to the Community Investment Coalition and in particular to develop a community banking charter to provide a framework for addressing financial exclusion taking into account the experiences of people in Big Local areas. We are also putting together a case study and video based on interviews from a Big Local area that highlight the issues that we hope the charter will affect. National discussion between the sector politicians and regulators will be encouraged through two events. We are keen that this work is grounded in the experience of the issues that residents in Big Local areas face.

### **4.4 Grant making policy**

Local Trust's grant making policies are the same as Big Local Trust's grant making policies which are set in accordance with the trust deed and explained below.

Each Big Local area draws down funding by providing proposals to be endorsed, setting out how they plan to work to address priorities identified by people in the area. Big Local areas are asked to identify an organisation to hold and be responsible for the funding. We call these locally trusted organisations. We expect most applicants to be organisations from the voluntary and community

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sector working in the area. However, we accept proposals from other organisations, for example, statutory bodies, such as schools and councils, or organisations from outside the area, where the area agrees this is most likely to help achieve the outcomes of Big Local.

Each grant we award is only to be used for the charitable purpose for which it is made, as described in each proposal, and all grants are to help Big Local areas meet the Big Local outcomes. Locally trusted organisations are asked to record all Big Local grants in their accounts as 'restricted funds'.

Our monitoring of grants is proportionate to the size of the award, for example, for Getting Started awards of £20,000 we ask for a short grant expenditure report, and for Big Local plan funding we require an annual report as well as quarterly expenditure reports.

We are able to make grants, deposits and loans to credit unions and community development finance institutions on behalf of Big Local areas, if they choose to make social investments.

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### 5. Financial review

Local Trust's primary responsibility is to deliver Big Local using funds from the Big Local Trust.

#### 5.1 Big Local Trust overview

Big Local Trust received £5,317,400 income from its investments in the year to 31 March 2014 (2013: £1,804,416). This was the Big Local Trust's only income during the year.

Total expenditure during the year was £10,668,071 (2013: £6,348,487), of which £7,402,316 was funding to areas (2013: £3,715,664), and £2,007,066 was support to areas (2013: £1,710,735).

Net outgoing resources for the year to 31 March 2014 were £5,350,671 (2013: net incoming resources £13,054,669). (During the year to 31 March 2013, we received the endowment which established Big Local Trust.)

#### 5.2 Big Local Trust – investment strategy

CCLA is Big Local Trust's investment manager. The objectives of the investment strategy agreed in July 2012 are:

- for the investment assets of the Big Local Trust (the fund) to provide the resources required by Big Local, and
- to manage the assets in a manner that maximises the impact of the funds to enable Big Local areas to extend the life of Big Local beyond 10 years and £1m each.

For reasons of cost, efficiency, security, governance and risk management the fund is managed as a single pool of assets ensuring funding is available when required. By making use of the scale and duration of Big Local, the investment strategy provides the best long-term return while ensuring that at all times sufficient short-term funds are available to support spending. This will be achieved by investing a high proportion of the fund in cash, fixed income and similar securities, with a smaller portion invested in equities and similar securities in the UK and overseas that are expected to provide a higher return over the long term.

The investment strategy is implemented in a controlled way to ensure that risks are appropriately managed and consistent with the objectives of Big Local.

#### 5.3 Big Local Trust fund performance

The total market value of Big Local Trust's listed investments at 31 March 2014 was £201,254,595.

CCLA manages the portfolio. The returns on the portfolio and on the benchmark are as follows:

Period	Fund	Benchmark
To 30 June 2013	-1.20%	+0.37%
To 30 September 2013	+0.18%	+0.38%
To 31 December 2013	+1.03%	+0.38%
To 31 March 2014	+1.26%	+0.37%
For the year to 31 March 2014	+1.29%	+1.51%

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During 2013-14, Big Local Trust's investment strategy was amended to allow an increased allocation to real assets, specifically global equities and domestic commercial property. This was recommended by the investment managers as the most appropriate response to the increased life of the programme and changes in the investment environment.

2013-14 was a year of transition and building the portfolio. We worked towards the agreed portfolio percentage split of 25% cash, 45% fixed interest, 25% equities, 5% property. We substantially achieved our target holdings towards the end of the period.

CCLA worked gradually towards our planned investments, bearing in mind that we are setting the portfolio up to support a 15-year programme. Cash was a core asset during the majority of the year, earning a relatively low return.

CCLA invested into equities relatively early. These have been very positive in terms of returns. Property was added to the portfolio during the year, through CCLA's COIF Property Fund. This turned out to be the most positive of all investments over the period.

There was a phased investment approach into fixed interest bonds. Big Local Trust's bond investments are held to provide a total return over the life of the holding, which is greater and more predictable than that on cash, but at a low level of risk. Risk is minimised by diversification and strict controls on the quality of investments; CCLA only buys investment grade bonds. The maturity profile of the bonds matches the cashflow needs of programme. Bonds will be held to maturity and will then be redeemed at their nominal value.

Given current low interest rates, many of the bonds held have been purchased at prices above their eventual repayment level. This means that when they mature and are repaid, although the total return of income and capital will be positive and in line with the expected return at time of purchase, the capital element alone will be negative. We are required to report this in the accounts independently of the receipt of income and accordingly it will appear as a loss on investments.

Overall, returns have been affected most substantially by the weak performance of fixed interest bonds. The poor performance of bonds during the period is due to fluctuations in their market value, although bonds bounced back strongly in the last six months of the financial year.

### **5.4 Formal restrictions and controls**

Reflecting our investment strategy, there are formal restrictions and controls on the investments that can be held within the fund. These are summarised below, for 2013-14:

#### **Cash and near cash**

Cash and near cash will be a minimum of 18 months expected forward spend on the programme, with a maximum of 100% of the fund. In terms of individual counterparties, there is no limit to the amount which can be placed with a deposit fund rated AAA by a recognised rating agency. Deposits with any individual counterparty however must not exceed 10% of the fund.

#### **Fixed interest and similar securities**

The maximum amount that can be held in fixed interest and similar securities is the entire fund less the minimum cash level noted above. The minimum credit rating for fixed interest or similar securities is BBB by a recognised rating agency. The fixed interest or similar securities issued by a single counterparty (other than securities issued or guaranteed by the UK Government where

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there is no limit) should not be more than 5% of the fund at the date of purchase for securities rated A- and above, and 1% of the fund at the date of purchase for securities rated BBB.

### **Real assets**

For real asset exposure, the target asset allocation is 30%, with a maximum asset allocation of 33%, allowing for a 10% tolerance for market movements. There is no minimum asset allocation.

Within the real asset segment, the target asset allocation exposure to equities and similar securities is 25%, with a maximum asset allocation of exposure to equities and similar securities of 27.5% of the fund. No equity or similar security should be more than 1% of the fund at the time of purchase.

The target asset allocation exposure to the COIF Charities Property Fund is 5% of the fund, with a maximum asset allocation of 5.5% of the fund.

### **5.5 Ethical and responsible investment**

The fund follows the default policy used by most of the COIF Charity Funds ('COIF Default'), with two additions:

- the Church of England's bespoke screen for high interest rate lending
- the COIF Charities Ethical Investment Fund's 2013-15 Living Wage engage/divest programme relating to FTSE100 financial and pharmaceutical companies.

We are preparing a response to the UK Stewardship Code, and support the UN-backed Principles of Responsible Investment through fund manager oversight.

The ethical and responsible investment policy will be reviewed and amended by the trustees from time to time.

### **5.6 Big Local Trust performance benchmark**

The performance benchmark of the fund is Bank of England's Official Rate +1% p.a.

### **5.7 Big Local Trust reporting**

CCLA is Big Local Trust's investment manager. The investment manager of the fund reports to the investment sub-committee once a quarter, and the sub-committee reports to the board. The sub-committee reviews the investment strategy once a year in line with the trust deed and makes recommendations to the board.

### **5.8 Policy on reserves**

Local Trust has no unrestricted funds and therefore no reserves at 31 March 2014.

All contracts and grants were entered into by Local Trust in its capacity as trustee of Big Local Trust. All staff were employed by Local Trust and by the Trustee of Big Local Trust (currently, Local Trust) as employers jointly and severally.

Big Local Trust held total funds of £205,155,655 as at 31 March 2014. Big Local Trust is an expendable endowment to be spent by 13 February 2027. In order to achieve this, we developed a detailed 15 year indicative budget to ensure that there is funding to cover Big Local Trust's day-to-day costs and long term objectives during that time. The 15 year budget is based on the following principles and assumptions:

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### Principles

Each area receives what has been promised to them:

- Getting People Involved funding for wave 1 areas (£30,000) and Getting Started funding for wave 2 and 3 areas (£20,000)
- plan preparation funding (£2,000)
- £1 million, plus 'interest'
- a contribution towards partnership running costs or grant administration (5% of the total spend) available once plan is endorsed
- an administration fee for loan giving based on a per loan rate
- funding for the 'market place' (currently £2,250 per annum per area, plus inflation) available once each area's plan is signed off
- travel and carer costs for residents to attend networking and learning events
- five years of support for community entrepreneurs (currently Star People awards).

### Assumptions

The 15-year budget includes a prudent estimate of an average rate of return of 1.5% per annum.

The level of programme support for Big Local areas starts to reduce from April 2019 onwards because we estimate that all Big Local areas will have increased skills and confidence to deliver with more autonomy.

Regular reviews will take place throughout the 15 years to inform how Big Local is developed, how funding is allocated and how areas are supported. The 15 year budget is updated with actual spend and reforecast quarterly. It informs the investment strategy and a rolling two-year forecast is provided to CCLA.

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## 6. Plans for the future

### 6.1 Long-term strategy

Our Local Trust long-term strategy is to:

- give residents greater control, skills and confidence to make a difference to the things that matter most to them in their communities
- use rigorous research, evaluation and story-telling to learn and develop our approach to achieve greater impact; make resources go further and enable joined up solutions to complex issues
- position Local Trust and those we support to influence the approach of others working in communities including: funders, government, charities and businesses with Local Trust seen as a leading innovator in transforming communities
- create widespread change so that residents and those supporting them in communities have greater involvement and control over the things that matter most to them.

### 6.2 Key objectives for next three years

Our key objectives for the next three years, to March 2017 are to:

- deliver our work really well in a clear, collaborative way to establish our community led, positive approach so residents gain greater control, skills and confidence to make a difference to the things that matter most to them in their communities
- use rigorous research, evaluation and story-telling to learn and develop our approach to achieve greater impact; lever in resources; enable joined up solutions to complex issues; and enable people to make their communities and areas even better places in which to live
- start to realise our long-term goal to position Local Trust as a leading innovator in transforming communities; and for us and those we support to influence others working in communities to follow our approach
- ensure Local Trust runs effectively, efficiently and adopts good practice.

Much of this will be achieved through Big Local.

### 6.3 New opportunities

We recognise that we need to influence others and therefore we will proactively look for new opportunities (funding, partnerships, activities, sponsors) to:

- provide more / additional resources into current programmes
- use our approach in other places and with other programmes
- be enterprising and transformational while learning from our experience and staying true to our approach.

To achieve this we will work with corporate sponsors, funders, sector partners, local and national government and others interested in our approach.

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### 6.4 Governance

Governance is about ensuring that Local Trust and Big Local Trust run effectively and follow good practice. Our approach to governance is led by the chair of the board and is based on:

- ensuring delivery of organisational purpose
- working effectively as individuals and as a team
- exercising effective control
- behaving with integrity
- being open and accountable.

### 7. Principal risks and uncertainties

#### 7.1 Risk management

We have moved to a rewarded risk approach. We recognise the importance of spending time and energy on risks that create value and can give positive returns and benefits while also ensuring value protection management and mitigation of unrewarded risks. Some risks are all downside and no upside. For example, if we fail to comply with the law there are significant consequences, but there is no extra credit for being even more compliant. Other risks are all about upside because they add value to what we are doing and what we want to achieve. Although taking these risks might have a downside, the potential upside is greater. There is a risk map in place which identifies the risks and manages them to the benefit of the charity.

#### 7.2 Key risks and uncertainties

We have identified that rewarded risks include:

- supporting a resident-led approach means residents gain confidence and skills; create networks and increase their influence to find more effective solutions in their areas
- working collaboratively with trusted organisations provides effective local support
- investing Big Local Trust funds centrally to give a return over the longer term increases the funding available to Big Local areas.

Unrewarded risks which we are mitigating and controlling include:

- misappropriation of funds centrally or locally – we monitor our financial system and controls to ensure they are appropriate and information is accurate. Monitoring forms from locally trusted organisations show spend in areas
- area doesn't have the skills and/or confidence to deliver their plan once endorsed – we provide support and training to build skills and confidence of residents, support areas to create realistic plans through commenting on drafts, encourage them to review skills needed, ensuring the rep is helping with the process.



### 9. Independent auditors' report to the trustees of Local Trust

We have audited the financial statements of Local Trust for the year ended 31 March 2014 which comprise Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes numbered 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report and the Annual Statement by the Protector to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2014 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

## Local Trust

- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

- the parent charitable company has not kept adequate accounting records; or
- the parent 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.

Signed N. Hashemi Date 21/10/14  
Naziar Hashemi, Senior Statutory Auditor

For and on behalf of Crowe Clark Whitehill LLP  
Statutory Auditor  
London

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

## Local Trust

### Group statement of financial activities (incorporating an income and expenditure account) for the year ended 31 March 2014

	<u>Notes</u>	Restricted Funds £	Total 2014 £	Total 2013 £
<b>Incoming resources from generated funds</b>				
BIG funding GPI returned		-	-	130,697
Big Lottery Fund grant		-	-	17,464,758
Investment Income	2	5,317,400	5,317,400	1,804,416
Other		-	-	3,285
<b>Total incoming resources</b>		<b>5,317,400</b>	<b>5,317,400</b>	<b>19,403,156</b>
<b>Resources expended</b>				
Cost of generating funds		655,077	655,077	255,382
Charitable expenditure:		-		
grants payable	4	7,402,316	7,402,316	3,715,664
delivery to areas		2,007,066	2,007,066	1,710,735
learning to support the programme		371,357	371,357	437,168
Governance	5	232,255	232,255	229,538
<b>Total resources expended</b>	3	<b>10,668,071</b>	<b>10,668,071</b>	<b>6,348,487</b>
<b>Net (outgoing)/incoming resources before other recognised gains and losses</b>		<b>(5,350,671)</b>	<b>(5,350,671)</b>	<b>13,054,669</b>
(Losses)/gains on investments	8	(3,188,393)	(3,188,393)	3,730,300
<b>Net movement in funds</b>				
Balance at 31 March 2013		213,701,984	213,701,984	196,917,015
Balance at 31 March 2014		205,162,921	205,162,921	213,701,984

All amounts are restricted and related to continuing activities.

All charitable activities are in relation to the Big Local programme.

All gains and losses recognised are included in the statement of financial activities.

The accompanying notes, on pages 26 to 38, form part of these financial statements.



## Local Trust

### Group cash flow for the year ended 31 March 2014

	2014	2013
	£	£
<b>Cash (outflow)/inflow from operating activities</b>		
Net (outgoing)/incoming resources	(5,350,671)	13,054,669
Investment income earned	(5,317,400)	(1,804,416)
Depreciation of tangible fixed assets	48,511	15,618
(Increase)/decrease in debtors	(234,326)	95,760,361
Increase/(decrease) in creditors	2,470,437	1,073,961
Investment management fees	655,077	255,382
<b>Net cash inflow from operating activities</b>	<u>(7,728,372)</u>	<u>108,355,575</u>
 <b>Returns on investments and servicing of finance</b>		
Investment income received	5,317,400	1,804,416
Investment management fees	(655,077)	(255,382)
	<u>4,662,323</u>	<u>1,549,034</u>
 <b>Capital expenditure and financial investment</b>		
Cash transferred into investment portfolio	(4,805,013)	-
Payments to acquire tangible fixed assets	(153,917)	(51,129)
Payments to acquire fixed asset investments	-	(209,412,688)
Receipts from the sale of fixed asset investments	7,500,000	1,200,000
	<u>2,541,070</u>	<u>(208,263,817)</u>
 <b>Net cash (outflow) before financing</b>	<u>(524,979)</u>	<u>(98,359,208)</u>
(Decrease) in cash in the year	<u>(524,979)</u>	<u>(98,359,208)</u>
 <b>Analysis of changes in net funds</b>		
Cash at bank and in hand:		
at 31 March 2013	1,694,772	100,053,980
Cash flows	(524,979)	(98,359,208)
<b>at 31 March 2014</b>	<u>1,169,793</u>	<u>1,694,772</u>

# Local Trust

## Notes to the accounts for the year ended 31 March 2013

### 1. Accounting policies

#### Introduction

The financial statements of the charitable group have been prepared in accordance with accounting standards, the Charities Act 2011 and the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005). These financial statements are drawn up on the historical cost accounting basis except that investment assets are carried at market value.

#### Group accounts

These financial statements consolidate the results of Local Trust (company limited by guarantee and charity), and Big Local Trust (charity) on a line-by-line basis. They are prepared on the basis that Local Trust will remain as sole corporate trustee of Big Local Trust in perpetuity. Should this change, the basis on which these financial statements are prepared will be reconsidered.

#### Incoming resources

Incoming resources are recognised in the year in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting year.

#### Fund accounting

Unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objects. Restricted funds are funds which have been given for particular purposes and projects. Restricted funds must be used in accordance with the funders' or donors' wishes.

#### Resources expended

Expenditure is included on an accruals basis for charitable activities, cost of generating funds and governance.

Resources expended are allocated to a particular activity where the cost relates directly to that activity.

Grants payable are accounted for in full as liabilities when approved and notified to locally trusted organisations and Big Local areas, because Big Local areas would have a valid expectation that they would receive the grant as offered and accepted.

The cost of staff whose responsibility was the direct management and administration of an activity are apportioned based on time spent in undertaking that activity. The direct staff cost allocation for the year to 31 March 2014 was:

- delivery to areas: 58% (2013: 65%)
- learning to support the programme: 28% (2013: 19%)
- governance: 14% (2013: 16%).

#### Allocation of support costs

Support costs are those costs which enable the generation of funds and which enable charitable activities to be carried out. These costs include finance, human resources and information technology. Support costs are re-allocated to each of the activities based on an estimate of

## Local Trust

support staff time attributable to each activity. The support staff cost allocation for the period to 31 March 2014 was:

- grant expenditure directly to areas: 34% (2013: 30%)
- delivery to areas: 24% (2013: 21%)
- learning to support the programme: 27% (2013: 33%)
- governance: 15% (2013: 16%).

### **Operating leases**

Rentals payable under operating leases are charged to the Statement of financial activities (SOFA) on a straight line basis over the life of the lease.

### **Costs of generating funds**

Costs of generating funds are the investment management fees charged by CCLA for managing the investment portfolio. Fees were based on 0.3% of the value of the portfolio calculated on a monthly basis. Investment fees include VAT which cannot be recovered.

### **Governance costs**

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities. Governance costs include an element of staff time based on the proportional allocation described under the 'resources expended' policy above.

### **Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised. Depreciation is provided to write off assets on a straight-line basis over their estimated useful economic life:

- ICT: 3 years
- Office furniture: 3 years

### **Investments**

Investments are included at their mid-price at the year end. Gains and losses arising on the disposal of investments and the revaluation to market value are charged or credited to the statement of financial activities in the year. Investment management charges are set against income arising from investments as this reflects the investment objectives.

### **Pension**

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charity to the fund. The charity has no liability under the scheme other than for the payment of those contributions.

## Local Trust

### 2. Investment income

	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>Group</b>	<b>Local Trust</b>	<b>Group</b>	<b>Local Trust</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash & cash instruments interest	833,617	-	716,137	-
Fixed interest from bonds	2,514,033	-	600,950	-
Dividends from equities	1,723,583	-	239,864	-
Bank interest	246,167	-	247,465	-
<b>Total</b>	<b>5,317,400</b>	<b>-</b>	<b>1,804,416</b>	<b>-</b>

## 3. Resources expended

	Charitable activities					2014	2013
						Total	Total
	Grant expenditure directly to areas	Delivery to areas	Learning to support the programme	Cost of generating funds	Governance	£	£
	£	£	£	£	£	£	£
<b>Direct costs</b>							
Staff	-	193,314	93,488	-	45,952	332,754	321,692
Grants to areas							
GPI 2	23,226	-	-	-	-	23,226	440,564
Getting Started	1,126,844	-	-	-	-	1,126,844	776,894
Creating Plan	70,987	-	-	-	-	70,987	33,053
Marketplace	3,540	-	-	-	-	3,540	
Pathway Funding	480,563	-	-	-	-	480,563	299,258
Big Local Plan Funding	4,151,757	-	-	-	-	4,151,757	739,668
Community travel and childcare	20,816	-	-	-	-	20,816	7,448
Area admin contribution	197,419	-	-	-	-	197,419	36,983
Grant funding for star people awards	1,131,097	-	-	-	-	1,131,097	1,277,105
Area delivery costs	-	1,670,732	-	-	-	1,670,732	1,430,374
Programme development	-	-	118,208	-	-	118,208	262,298
Direct governance costs	-	-	-	-	99,973	99,973	124,521
Finance charges	-	-	-	655,077	-	655,077	255,382
<b>Total direct costs</b>	<b>7,206,249</b>	<b>1,864,046</b>	<b>211,696</b>	<b>655,077</b>	<b>145,925</b>	<b>10,082,993</b>	<b>6,005,240</b>
<b>Support costs</b>							
Staff	86,658	63,212	70,568	-	38,157	258,595	202,123
Communication and marketing	20,748	15,135	16,895	-	9,135	61,913	27,588
IT and consultancy	36,474	26,606	29,702	-	16,060	108,842	23,411
Rent and office costs	35,930	26,209	29,258	-	15,820	107,217	74,507
Depreciation	16,257	11,858	13,238	-	7,158	48,511	15,618
<b>Total support costs</b>	<b>196,067</b>	<b>143,020</b>	<b>159,661</b>	<b>-</b>	<b>86,330</b>	<b>585,078</b>	<b>343,247</b>
<b>Total expenditure</b>	<b>7,402,316</b>	<b>2,007,066</b>	<b>371,357</b>	<b>655,077</b>	<b>232,255</b>	<b>10,668,071</b>	<b>6,348,487</b>

## Local Trust

### 4. Grants payable

Big Local Area name	Locally trusted organisation	Total funding £
Aberfeldy	Poplar Housing and Regeneration Community Association	20,000
Allenton	Enthusiasm Trust	112,565
Arley and Ansley (The Ley's)	Warwickshire Community and Voluntary Action	19,935
Barnfield	Plumcroft Primary School	270,131
Barrow Island	Barrow Borough Council	207,847
Barrow Island	Barrow Borough Sports Council	2,262
Barrow Island	Cumbria Council for Voluntary Service	41,160
Barrowcliff	Groundwork North Yorkshire	4,320
Beechwood	Voluntary and Community Action Wirral	22,000
Birchfield	BVSC	179,925
Blackpool Revoe	Blackpool, Wyre and Fylde Council for Voluntary Services	20,000
Bontagu, Lower Edmonton	Enfield Children and Young Person's Services	49,552
Bourne Estate	Bourne Valley Action Group	20,000
Brereton	Brereton and Ravenhill Parish Council	20,000
Brinnington	Rising Stars North West	20,000
Brookside	Telford & Wrekin Council for Voluntary Service	19,800
Cars Estate	Colebridge Trust, Solihull	20,000
Catton Grove	People Shaped Solution CIC	21,904
Central Boston	TaylorITEX CIC	19,400
Central Jarrow	Groundwork South Tyneside & Jarrow	142,501
Chinbrook Estate	Grove Park Community Group	1,766
Chinbrook Estate	GW Training & Consultancy Ltd	7,933
Church Hill	Bromsgrove and Redditch Network	2,000
Clapham Junction West	Providence House	20,000
Battersea (Big Local SW11)		
Clarkesfield, Greenacres and Littlemoor	Greenacres Community Association	81,557
Clubmoor	St Andrew's Community Network	83,000
Collyhurst	Manchester Communication Academy	20,000
Conniburrow	Local Trust as LTO	27,560
Devonshire West	3VA	20,000
Dewsbury Moor	Voluntary Action Kirklees	116,988
Distington	Distington Parish Council	20,000
Dover Town	The Dover Society	20,000
East Cleveland Villages	Tees Valley Rural Community Council	199,225
East Coseley	Dudley Council for Voluntary Services	89,440
Elmton with Creswell	Community and Voluntary Partners	20,000
Elthorne Estates	Caxton House Community Centre	19,900
Ewanrigg	Cumbria Council for Voluntary Service	120,998
Ewanrigg	Home Group Housing	7,448
Farley Hill	Age Concern Luton	20,000
Firs and Bromford	Birmingham Settlement	-
Firs and Bromford	Local Trust as LTO	98,384
Fratton	Community Action Hampshire	70,250
Fratton	Fratton Community Association	3,719
Gateshead	Gateshead Voluntary Organisations Council	102,369

## Local Trust

Big Local Area name	Locally trusted organisation	Total funding £
Goldthorpe with Bolton-on-Deane	Voluntary Action Barnsley	19,000
Grace Mary to Lion Farm	St James Church of England	2,000
Grange Estate	Martin Primary School	20,000
Grassmoor and Hasland	North Eastern Derbyshire Business Development	37,800
Grays Riverside	Thurrock CVS	15,224
Greatfield Big Local	Hull and East Yorkshire Community Foundation	20,000
Greenmoor Big Local	Bradford Community and Voluntary Service	2,100
Greenmoor Big Local	CNET-Bradford & District Empowerment Network Ltd	37,225
Growing Together (Northampton East)	Blackthorn Good Neighbours	129,819
Hackney Wick	Hackney Wick Festival	14,200
Harefield, Midanbury and Townhill Park (Big Local SO18)	Southampton Voluntary Services	-
Harefield, Midanbury and Townhill Park (Big Local SO18)	Training for Work in Communities (TWICS)*	(14,872)
Hateley Heath	Sandwell Community Information & Partnership	20,000
HAVA	Hawksworth Wood Older Peoples Support Service	15,000
Heart of Pitsea	Basildon, Billericay and Wickford CVS	149,437
Heart of Sidley	Rother Voluntary Action	2,000
Heath Big Local	Uttoxeter Knights	11,910
Inner East Preston	Fishwick Rangers Youth Development Preston YMCA	19,992
Keighley Valley	Airedale Enterprise Services	20,000
Kingsbrook and Cauldwell	Mid & North Bedfordshire CVS	26,250
Kingswood and Hazel Leys	CVS Northamptonshire	19,851
Kirk Hallam	Kirk Hallam Community Technology & Sports College	22,000
Kirkholt	Rochdale Boroughwide Housing Ltd-IPS	20,000
Latch Ford	Golden Gates Housing Trust Ltd	20,000
Lawrence Weston	Ambition Lawrence Weston	163,437
Leecliffe	Community Action Hertsmere	138,632
Leigh West	Citizens Advice Service Wigan	2,827
Little Hulton	Salford City College	20,000
Littlemoor Big Local	Durham County Council	2,000
Littlemoor Big Local	Impact (Mayo)	2,000
Littlemoor Big Local	Local Trust as LTO	3,576
Littlemoor Big Local	Moor Voice	1,500
London Road area of Bethnal Green	Croydon Voluntary Action	9,000
Lynemouth, Cresswell, Ellington and Linton	Lynemouth Community Trust	13,670
Mablethorpe, Trusthorpe and Sutton on Sea (Coastal Communities Challenge)	Lincolnshire Community Foundation	18,000
Mablethorpe, Trusthorpe and Sutton on Sea	The Boatshed (Mablethorpe)	2,000
Marks Gate	Local Trust as LTO	8,534
Marsh and Mickelfield	Buckinghamshire Community Foundation	66,050
Moorsley and Easington Lane	Easington Lane Community Access Point (ELCAP)	12,950

## Local Trust

Big Local Area name	Locally trusted organisation	Total funding £
Mossley	St Thomas' Church, Mossley	22,000
Mottingham	Community Links Bromley	110,943
NE Hastings	Orbit South Housing Association	22,000
Newington Ramsgate	Newington Road Surgery Ltd	20,000
Noel Park Estate	HAVCO (Haringey Association of Voluntary and Community Organisations)	20,000
North Ormesby	North Ormesby Development	20,000
North West Ipswich	Community Action Suffolk	167,490
Northfleet North	Council for Voluntary Service North West Kent	130,830
Northwood	Community Foundation for Merseyside	108,517
Palfrey	Wolverhampton Network Consortium	5,409
Peabody Avenue and Churchill Gardens Estate (Big Local SW1)	Thamesbank Centre Management	20,000
PEACH: People's Empowerment Alliance of Custom House	Custom House and Canning Town Community Renewal	94,450
Plaistow South	Rights And Equalities In Newham	38,220
Prospect Estate	First Wessex	4,000
Radstock and Westfield	Westfield Parish Council	14,151
Ramsey	Ramsey Neighbourhoods Trust	175,000
Rastrick	Rastrick Cricket and Athletic Club	20,000
Roseworth Ward	Roseworth Community Partnership	20,000
Rudheath and Witton	Groundwork Cheshire	134,403
Sale West	Sale West Community Urban Trust	20,000
Scotlands and Bushbury Hill	Bushbury Hill Estate Management Board	14,810
Selby Town	Selby District Association of Voluntary Service	4,750
Shadsworth with Whitebirk	Blackburn with Darwen Council for Voluntary Service	18,900
Shadsworth with Whitebirk	Blackburn with Darwen Healthy Living	77,385
Slade Green	Howbury Friends	61,071
Somers Town	Somers Town Community Association	20,000
Sompting	Adur Voluntary Action	20,000
South Bermondsey	United St Saviour's Charity	168,000
St James Street Area	CREST Waltham Forest	20,000
St Matthews Estate	Voluntary Action Leicester	8,847
St Oswald and Netherton (L30 Million Project)	Sefton Metropolitan Borough Council	2,000
St Peter's and the Moors	Cheltenham Borough Council	20,000
Tang Hall	Tang Hall Primary School	20,000
Three Parishes - Gobowen, St Martins and Weston Rhyn	Oswestry Community Action	2,000
Thurcroft	Rotherham Federation of Tenants and Residents	17,200
Thurnscoe	Voluntary Action Barnsley	-
Tonge with the Haulgh	Bolton at Home Ltd	20,000
Toothill	Swindon Borough Council	20,000
Tree Estate (and part of Town ward)	Healthy Living Centre Dartford	61,385
Wargrave	Helena Partnerships Ltd	20,000
Warsop Parish	Mansfield Community and Voluntary Service	77,176
Warwick Ahead	The Conservation Volunteers	82,946

## Local Trust

Big Local Area name	Locally trusted organisation	Total funding £
Wecock Farm	HCCS Community Action	20,000
Welsh House Farm	Local Trust as LTO	305
Welsh House Farm	Welsh House Farm Community School	19,431
Wembley Central	CVS Brent	20,000
West End Morecambe	CEEP (Connect, Engage, Empower, Participate)	20,000
Westfield Estate	Westfield Learning Community Trust	15,800
Whitley	The Parish of St Agnes with St Paul and St Barnabas	37,642
Whitley Bay	North Tyneside VODA (Voluntary Organisations Development Agency)	112,775
William Morris Big Local	Local Trust as LTO	122,797
Windmill Hill	Liverpool Housing Trust	20,000
Winterton	Voluntary Action North Lincolnshire	45,079
Withernsea	Shores Centre	20,000
Woodlands Speaks	North Doncaster Development Trust	39,179
Woolavington and Puriton	Voluntary Sector Training Alliance (Vista)	20,000
Villages Together		
World's End Estate and Lots Road area	Chelsea Theatre	20,000
Worle	NSAH (Alliance Homes) Limited	2,000
Wormholt and White City	White City Residents Association	96,494
Funding given	Residents' travel bursaries	20,816
Grant given	UnLtd	1,131,097
Note 3	Allocation of support costs	196,067
Total grants payable		<u>7,402,316</u>

\* A commitment in the prior year financial statements relating to funding awarded to Training for Work in Communities (TWICS) for £14,872 was released in 2013-14.

### 5. Governance Costs

	2014 Group £	2014 Local Trust £	2013 Group £	2013 Local Trust £
Staff costs	45,952	-	51,127	-
Financial advice	5,280	-	5,700	-
Audit fees	17,400	-	14,400	-
Legal and professional fees	52,162	-	71,914	-
Protector's fees	15,553	-	15,420	-
Protector's legal fees	-	-	2,125	-
Trustees' expenses	6,060	-	1,253	-
Trustee recruitment	43	-	13,709	-
Trustee training	768	-	-	-
Other	2,694	-	-	-
Companies House	13	-	-	-
Allocation of support costs	86,330	-	53,890	-
	<u>232,255</u>	<u>-</u>	<u>229,538</u>	<u>-</u>

## Local Trust

### 6. Net outgoing resources

Net outgoing resources are stated after charging:

	2014	2013
	£	£
Depreciation	48,511	15,618
Auditor's remuneration:		
-audit	16,200	15,200
-non-audit (Corporation Tax return)	1,800	-
Investment manager's fees	655,077	255,382
Legal and professional fees	52,162	71,914
Operating lease charges	38,200	-

### 7. Group and charity fixed assets

				2014	2013
	Website development - asset under construction	Office refurbishment	IT equipment	Total	Total
<b>Cost</b>	£	£	£	£	£
Balance brought forward	-	-	73,054	73,054	-
Additions	42,000	42,965	68,952	153,917	73,054
Disposals	-	-	-	-	-
<b>Balance carried forward</b>	42,000	42,965	142,006	226,971	73,054
<b>Depreciation</b>					
Balance brought forward	-	-	15,912	15,912	-
Disposals	-	-	-	-	-
Charge for year	1,167	9,548	37,796	48,511	15,912
<b>Balance carried forward</b>	1,167	9,548	53,708	64,423	15,912
<b>Net book value</b>					57,142
Brought forward	-	-	57,142	57,142	-
<b>Carried forward</b>	40,833	33,417	88,298	162,548	57,142

Fixed asset additions include £44,063 paid to Fluent Technology Ltd to procure a bespoke funding and contact management system. Other fixed asset additions were refurbishment and furniture costs for Local Trust's new office, and a new website which was under construction at 31 March 2014.

## Local Trust

### 8. Investments

	2014 Group £	2014 Local Trust £	2013 Group £	2013 Local Trust £
Market value brought forward	211,942,988	-	-	-
Investment additions	-	-	209,412,688	-
Investment disposals	(7,500,000)	-	(1,200,000)	-
Realised loss on disposal	-	-	(80,674)	-
Unrealised gain on investments	-	-	3,810,974	-
Net gains on investment	(3,188,393)	-	3,730,300	-
<b>Market value carried forward</b>	201,254,595		211,942,988	
Cash held on deposit	4,805,013	-	-	-
Total investments	206,059,608	-	211,942,988	-

### 9. Investments by type and location of fund

	2014 UK £	2014 Overseas £	2013 UK £	2013 Overseas £
Equity	22,676,210	26,689,502	13,270,098	17,038,418
Fixed interest	85,607,439	-	57,889,515	-
Property	10,384,435	-	-	-
Cash	60,702,022	-	123,744,959	-
	179,370,106	26,689,502	194,904,572	17,038,418

The total book cost of investments held at 31 March 2014 was £203,235,184 (2013: £208,159,546).

There were no individual holdings in excess of 5% of the total portfolio valuation at 31 March 2014 (2013: nil).

## Local Trust

### 10. Consolidated movements in funds

	Balance at 31 March 2013	Incoming resources	Outgoing resources	Gains/ (losses)	Balance at 31 March 2014
Community Development Foundation Learning Grant	7,320	-	(54)	-	7,266
Big Lottery Fund	208,368,285	-	(10,012,940)	-	198,355,345
Investment income	5,326,380	5,317,400	(655,077)	(3,188,393)	6,800,310
<b>Total restricted funds</b>	<b>213,701,985</b>	<b>5,317,400</b>	<b>(10,668,071)</b>	<b>(3,188,393)</b>	<b>205,162,921</b>

The Community Development Foundation learning grant is restricted funding provided to Local Trust to undertake research into community development approaches.

### 11. Debtors

	2014 Group £	2014 LocalTrust £	2013 Group £	2013 LocalTrust £
Debtors	5,664	-	100	-
Prepayments	20,837	-	2,783	-
Accrued income	1,320,964	-	1,110,255	-
	<b>1,347,465</b>	<b>-</b>	<b>1,113,138</b>	<b>-</b>

### 12. Creditors

	2014 Group £	2014 LocalTrust £	2013 Group £	2013 LocalTrust £
Trade creditors	451,406	-	126,153	-
Amounts due to Big Local Trust	-	2,977	-	2,977
Grants payable	2,939,195	-	574,316	-
Social security and other taxation	12,437	-	12,199	-
Accruals	173,454	-	393,387	-
	<b>3,576,492</b>	<b>2,977</b>	<b>1,106,055</b>	<b>2,977</b>

### 13. Operating leases

	2014 £	2013 £
Land and buildings, due in 2 to 5 years	38,120	-

### 14. Staff costs and numbers

	2014	2013
	£	£
Wages and salaries	397,311	364,157
Social security and other taxes	42,932	40,633
Pension	35,119	18,517
	<hr/>	<hr/>
	475,362	423,307

Staff are jointly employed between Big Local Trust and Local Trust. The monthly average full-time equivalent number of employees during the year was nine. Under the Statement of Recommended Practice (SORP), charities over the audit threshold are required to disclose the number of employees remunerated amounts exceeding £60,000. One employee during the period earned between £80,000 and £90,000 per annum. One employee during the period earned between £80,000 and £90,000 per annum.

NCVO's Inquiry into Senior Executive Pay (published in April 2014) recommended that, as good practice, all large charities should publish an annually updated statement explaining their ethos and policy on remuneration, as well as the actual remuneration, roles and names of the highest paid staff. In line with these recommendations, our trustees have agreed to publish details of our chief executive's pay and the ratio between the highest and median salaries in our annual report and accounts.

Our chief executive, Debbie Ladds, earned a total of £94,903 during 2013-14 (salary £86,275, plus pension £8,628). As at 31 March 2014, the highest salary at Local Trust was £86,275, and the median salary £33,495. The ratio between the highest and the median salary was 2.6 to 1.

Local Trust became a London Living Wage-accredited employer in February 2014, meaning that all of our staff and contractors are paid at least the London Living Wage.

### 15. Pension

Big Local Trust offers staff the opportunity to join a defined contribution Group Personal Pension Plan ('the scheme'). Monthly contributions to the scheme are invested in personal pension plans with an insurance company (Scottish Widows). Big Local Trust's contribution to the scheme is based on 10% of the employee's basic annual salary plus an amount equal to the saving Big Local Trust makes under the salary exchange system from the employer National Insurance contribution; the minimum employee contribution to the scheme is 3.5%.

Pension contributions made by Big Local Trust to the scheme during the year were £33,287 (2013: £43,687) for 13 employees. As at 31 March 2014, Big Local Trust owed £7,082 (2013: £9,991) to the scheme relating to March salary payments; the amount due was settled on time during April 2014.

## Local Trust

### 16. Trustees' remuneration, benefits and expenses

Trustees received no remuneration. Four trustees received reimbursements for travel costs during the period totalling £6,060 (2013: £1,253). Trustee recruitment costs during the period were £43 (2013: £13,708).

### 17. Big Local Trust protector

Protector fees and expenses of £15,553 were payable (2013: £15,420).

### 18. Related party transactions

Alison Seabrooke is chief executive of the Community Development Foundation and a trustee at Local Trust (corporate trustee of Big Local Trust). Michael Hamilton (resigned 10 July 2013) and Andrew Robinson are both trustees at the Community Development Foundation and at Local Trust. During the period Big Local Trust paid the Community Development Foundation £69,300 for research activities (2013: £121,926 for rent and research activities). As at 31 March 2014, Big Local Trust owed Community Development Foundation £19,770 (2013: £23,299).

Andrew Robinson is a director at CCLA. CCLA manage the Big Local Trust investment portfolio. Big Local Trust paid CCLA £653,513 in investment management charges during the year (2013: £293,362). At 31 March 2014, Big Local Trust owed CCLA a balance of £158,246 (2013: £126,126).

Penny Shepherd is a trustee at Local Trust and during the period was the chief executive of the UK Sustainable Investment and Finance Association. (Penny left UKSIF in June 2013.) CCLA is a member of the UK Sustainable Investment and Finance Association and a number of CCLA staff are on UK Sustainable Investment and Finance Association committees. CCLA also sponsors UK Sustainable Investment and Finance Association activities from time to time.

Cliff Prior is chief executive of UnLtd and was a trustee at Local Trust (resigned 19 March 2014). Big Local Trust paid UnLtd a grant of £1,031,802 for the Star People programme (2013: £1,277,105). At 31 March 2014, Big Local Trust owed UnLtd a balance of £99,295 (2013: £0).

Benjamin Yat Ming Lee is a director of the National Association for Neighbourhood Management. Big Local Trust paid the National Association for Neighbourhood Management £199,478 (2013: £121,221) for delivery of learning and networking events during the period. At 31 March 2014, Big Local Trust owed the National Association for Neighbourhood Management a balance of £46,248 (2013: £34,434).

## Local Trust

### Big Local Trust ('BLT') 2014 annual statement by the protector

#### **The function of the Protector**

BLT is a UK registered charity with one Corporate Trustee controlling its affairs. The Trustee is Local Trust Limited, which is in turn controlled by a board of directors who meet quarterly, and by its Chief Executive to whom the board delegate the day-to-day running of BLT.

The Trust Deed defines the role of the Protector as ... "to ensure the integrity of the administration of the Charity and the propriety of its procedures".

The role does not include decision taking at any level, although the deed does grant powers of approval in certain specified situations.

During 2014, I have attended all Board meetings, meetings of the investment sub-committee, meetings with the Big Lottery Fund, and meetings between them and BLT.

I met with the team working in one of the 150 areas, chosen as it has already received one third of their £1m grant. I was impressed with the progress being made, the internal controls being exercised, and the commitment of the local worker co-ordinating the programme.

I intend to carry out further area visits during the next 12 months.

#### **Protector's report**

2013 saw a change in the Chairman and some Directors of the Corporate Trustee, to which I referred in my last report.

Since then, the Board has settled down to the tasks in hand, and the governance of the Trust is functioning well.

Over the last two months, the Chairman has started an initiative, aimed at getting the Board members to increase their focus on the progress being made by the one hundred and fifty areas. I am fully supportive of this. Grants are now being made on a regular basis, and so monitoring the effectiveness of the programme, and learning from the successes and failures are becoming increasingly important.

The same issues confront the management team, and they too are adapting to the change from endorsing local plans to releasing funds and implementation monitoring. The notes to these accounts detail the ways in which they are responding to the challenge.

Peter Thurston

Protector – Big Local Trust

September 2014

## Local Trust

## Local Trust

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The endowment for the Big Local programme is held by the Big Local Trust and overseen by Local Trust. The Big Local Trust was established by the Big Lottery Fund with a National Lottery grant of £196,873,499.

Local Trust company no. 7833396, charity no: 1147511

Big Local Trust charity no: 1145916

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