

Local Trust

**Annual report and financial statements**

for 1 April 2016 - 31 March 2017

Registered company number 7833396

Registered charity number 1147511



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## Introduction

Local Trust has a unique and exciting mission that sits at the heart of current debates about building community capacity and resilience, new approaches to tackling inequality and disadvantage, and the increasing importance of identity and place.

Set up in 2012 with an endowment from the Big Lottery Fund, Local Trust has committed £1m of funding to each of 150 communities across England, many of them areas that have significant challenges to overcome and may have missed out on public and other funding in the past.

Unlike conventional funding models, which often start with a targeted application to fund a specific project, Local Trust starts from the principle that those best placed to make decisions about how to spend funds are local residents. We commit our money at the outset, then support local residents to develop their own plans to spend their £1m in ways that they collectively agree will improve their local area and the lives of those living there. And we are in it for the long term – our commitment to fund and support areas runs for ten years and beyond.

Between 2017 and 2022 we expect to provide up to £150m of funding to our areas, enabling great local initiative and fantastic projects, leveraging in substantial amounts of additional funding and building the local community capital and confidence that we hope will be the most important legacy of our work.

## Our areas of work

There were two projects at Local Trust this year.

**Big Local:** Our main activity is running the Big Local programme through the Big Local Trust, of which we are the sole corporate trustee. Big Local is an exciting long-term opportunity for residents in 150 areas across England to use £1m each over 10-15 years to make a lasting positive difference to their communities. Each area will also access a fair share of the net returns on the Big Local investment. Funded by the Big Lottery Fund, Big Local was launched in 2012.

Focused on 150 areas identified at the start of the programme as having not historically benefited from a fair share of lottery and other funding, the aim is to bring together all the local talent, ambitions, skills and energy from individuals, groups and organisations who want to make those areas even better places and communities in which to live.

Big Local partnerships are local steering groups that bring together residents to lead Big Local in each area. More people than ever before are involved in Big Local in this way –over 1,900 people across England were involved in Big Local partnerships during 2016-17.

Local Trust provides light-touch support to each partnership through locally-based ‘reps’, community development professionals who provide advice, support and mentoring to local partnerships. Each area chooses a locally trusted organisation that helps them deliver their plan, manage their funding, and act as an agent on their behalf in matters relating to employment of staff.

Four clear outcomes were established at the start of Big Local:

- 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.

**Community Development Foundation legacy funding:** In March 2016, the Community Development Foundation (CDF) announced that they were giving us funding to advance, advocate and promote community development. Through 2016 and early 2017, we prepared for the May 2017 launch of 'Empowered Communities in the 2020s'. This major new research and public engagement project will use the CDF funding and funding from the Joseph Rowntree Foundation to explore what is needed for communities to become more vibrant and empowered in the future.

## Objectives and activities for public benefit

As stated in the articles of association, the objects of Local Trust 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.”

This strategic review looks at what we achieved and the outcomes of our work in the previous 12 months. Our main activities are described below. All of our activities focus promoting on the capacity and skills of members of socially and economically, or socially disadvantaged, communities, as described in our objects, and are undertaken to further our charitable purposes for the public benefit.

The trustees confirm that they have referred to the Charity Commission’s guidance on the Public Benefit requirement under the Charities Act 2011 when reviewing the Trust’s aims and objectives and in planning future activities and setting their grant-making policies.

## Strategic review

In the following pages, we report on our progress against the objectives laid out in our three-year strategy to 31 March 2017. This year marks the last year of the 2014-17 strategy. In the ‘Plans for the future’ section, we set out a new set of objectives for 2017-20 which outline how we intend to help 150 Big Local areas continue to transform their areas, as they move from the first phase of the Big Local programme, which was largely about start-up, into the main delivery phase.

## Objective 1

By March 2017, we will 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

### **We awarded £28.9m in grants to Big Local areas**

All 150 areas had access to grant funding in 2016-17, with many areas submitting new or revised plans. Local Trust assessed plans submitted throughout the year, working with partnerships and their locally trusted organisations to ensure that funding was accessed and areas were able to deliver their planned activities.

<b>2016-17 headline figures</b>	
Total grant funding awarded	£28.9m
Number of areas to whom funding was committed	129
Number of proposals assessed	159

### **We enabled Big Local areas to deliver bigger and longer-term plans than ever before**

By May 2016, all 150 areas had at least one endorsed plan in place that lasted at least a year. Many areas are now moving to longer term plans and requesting larger amounts of funding. This reflects a shift from programme setup phase into the main delivery years of Big Local.

<b>Largest single grant amount awarded this year</b>	£633,475	To Plaistow South Big Local, in Newham, London, for three years' funding. The grant will support diverse projects including a youth market, a financial advice service, community arts and local history projects and a £100K development of a community hub.
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As well as providing funding, we supported Big Local areas by offering guidance through phone, email, visits and meetings and learning and networking events. We also shared information through the Local Trust website. This year we published new 'how to' guides on completing spend reports and on partnering with research organisations.

### **We provided more than 70 free events to help residents gain skills and confidence to transform their area - including accredited training and bespoke training tailored to individual areas' needs**

Overall, our free events for residents this year included:

- **7 national training courses** run by our partners, 4 of which were accredited courses, on topics including managing volunteers, leadership and team skills and practical project management.

- **20 learning and networking events** run by Big Local reps across the country, held to respond to areas' needs and interests, for example, supporting thriving high streets and managing buildings and community hubs.
- **22 bespoke training courses** delivered by our partners for individual areas on topics of the area's choice, delivered locally.
- **3 action learning groups** for chairs of Big Local partnerships, organised by our partner, each meeting 4 times.
- **5 Spring Events**, our biggest networking events for Big Local areas, attended by 348 people from 102 Big Local areas. 98% of those completing an evaluation form said their event was 'good' or 'excellent'

**Big Local enables communities to take on ambitious projects that may have previously felt out of reach.** *In Thurcroft Big Local, a former mining community near Rotherham, a neglected cricket pavilion was replaced with a new community hub that will host indoor sports and events and provide changing facilities for football and cricket. Over half a million pounds of Big Local funding went into the project. The hub opening drew a huge community turn out. At the launch, one person commented: "This is going to be about sports, about health, and it's going to be about transforming lives in Thurcroft."* <http://localtrust.org.uk/library/blogs/thurcroft-hub>

### **We worked to improve the experience of areas that have faced challenges**

We recognise that where we receive complaints from or about Big Local areas, they are often about a difference of opinion between individuals in a community, which can best be dealt with at a local level. We reviewed our complaints policy and tendered for conflict and dispute resolution providers to provide mediation support to areas where this would help people resolve their differences and work more effectively together.

In areas where delivery has proved difficult to get going or sustain, we introduced a range of options available to support them in moving forward positively, including: additional rep support, changing their Big Local rep or locally trusted organisation, bespoke training to address skills gaps, partner organisation reviews, and Local Trust acting as a locally trusted organisation for a limited period.

### **We supported 12 Big Local partnerships to be more entrepreneurial, and planned new ways to support entrepreneurs**

2016-17 was our final year of running Star People in partnership with UnLtd, a programme which identified, developed and funded social entrepreneurs. Across the six years of the programme, £3.4m has been distributed through 1,042 Star People awards, developing nearly 300 social leaders across 133 Big Local areas. During the year, 12 Big Local partnerships were also supported by UnLtd to integrate thinking about the local economy into their plan and vision for the area. We have been working with UnLtd to revise their support offer for local social entrepreneurs. The new approach has been captured in the 2017-20 strategic plan.

## Objective 2

By March 2017, we will show via rigorous research, evaluation and story-telling that our approach is starting to have impact; levers in resources; enables joined up solutions to complex issues; and enables people to make their areas and communities even better places to live

### **We commissioned research projects to help us learn and better support the Big Local programme**

Key findings included:

- Collaboration with communities is helping health agencies improve **health and wellbeing** locally. Health agencies can gain from working with Big Local areas because of the structure and support provided by Local Trust, and the tangible offer Big Local areas bring to the table in terms of resources and time (IVAR, 2016, 'Engaging with health agencies').
- **Community engagement** in Big Local is not easy and needs ongoing attention, volunteers should not be overburdened, Big Local volunteers keeping up communication with other residents is paramount, and patience is needed to build engagement over the ten or more years of Big Local (NCVO, 2016, 'Community engagement within Big Local').
- 95% of Big Local areas report that their area is receiving some form of **additional resources**: either in-kind resources, volunteer time, or additional financial resources.

All our research reports mentioned can be found in [our online library](http://localtrust.org.uk/library) (localtrust.org.uk/library) and all the findings continue to feed into our future programme development and communications.

### **We continued to support long term projects that will help us better understand what our areas are doing**

SPHR's Communities in Control study (Phase 1 completed in 2015-16) has now turned to consider the ways that collective action taken by Big Local communities to improve their neighbourhoods develops over time and to what effect for their health and wellbeing.

Our Bigger Story (led by University of Birmingham) is a long-term evaluation of Big Local using film, podcasting and other media to record learning, progress and insights from 15 Big Local areas. We hosted a Film Festival in July 2017, to showcase progress to date.

### **We surveyed people involved in all 150 Big Local areas for the first time**

There were 862 completed submissions to the first ever partnership member survey (about a 50% response rate). 80% of partnership members who responded agreed that residents are leading Big Local in their area, and 78% strongly agreed that Big Local is giving residents more control over what is happening in their area.

### **We inspired Big Local areas through story-telling and peer learning**

We published 63 blogs on our website, of which 20 were stories from areas and 6 were written by residents themselves. We also published 7 case studies and 10 video case studies. We shared all of these through social media, and 23 Big Local areas presented their stories to their peers at Spring Events 2015.

**Big Local helps people tackle the issues that matter most to them, in collaboration with those they trust.** *In December 2016, Goldthorpe and Bolton on Dearne Big Local completed refurbishment of a long-term empty property in their area, one of four homes they are renovating with local partner Barnsley Community Build. The project is creating new construction apprenticeships and the homes will be let at an affordable rent. At the launch, local MP John Healey said: "It's not just a renovation; it's not just a project providing someone with a decent home; it's giving young people skills and experience. 14 are now in full time employment. It's a great example of what can be done - no one should underestimate the effort behind this!" <http://localtrust.org.uk/library/blogs/community-led-housing-scheme-opens-doors>"*

### **We set up Empowered Communities in the 2020s, a major new research public engagement project**

'Empowered Communities in the 2020s' is our project to gather a wide range of views about the future of communities, and look at the contemporary and future value of community development in the UK. Through the project we're asking, 'How can communities become more empowered and vibrant in the next ten years?'

The research phase of Empowered Communities is happening throughout 2017 and is led by IVAR, on behalf of Local Trust. It is funded by the Community Development Foundation (CDF) and the Joseph Rowntree Foundation (JRF).

We set up a steering group to lead the research, after inviting expressions of interest, and contracted IVAR to do the research, following an open tendering process. We built a new section of our website to help involve as many people in the research as possible, and the mailing list for the project now carries over 500 names. The project was publicly launched in May 2017.

### Objective 3

By March 2017, we will 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

#### **We equipped Big Local partnerships to gain more local support**

We have helped Big Local areas to gain more local support in the following ways:

- Published a new **booklet** titled, 'What's happening in Big Local?' 39 Big Local areas requested print copies of the booklet to use locally and we offered the PDF as a download. This was the most-viewed blog on our website for 2016-17.
- Published new **videos** about what Big Local is. These were for Big Local areas to utilise as well as for Local Trust to use centrally. We provided USB sticks preloaded with the video at Spring Events, and added a guide on using the video that was also available on our website. In the first two weeks from launch, the two- minute cut of video had almost 1,500 views across Facebook and YouTube.

**Big Local areas are free to deliver their plans in a mixture of ways, including commissioning new services to benefit their area.** *It was the evening of possibly the hottest day of 2016 when filmmakers arrived at a youth club near Derby to start creating our new video about Big Local. But the heat wasn't slowing down the young people, who were playing racing games in the church hall venue. They told us the difference this club makes – there was no youth club in the area before Allenton Big Local commissioned it from youth organisation The Enthusiasm Trust. <http://localtrust.org.uk/library/blogs/behind-the-scenes>*

- Published a '**how-to guide**' to **contacting MPs and councillors** and other resources for areas following on from our research into how areas are working with MPs and councillors
- Our 'Engagement Week' online campaign featuring our very first Twitter chat, helped areas to engage more with local residents. The campaign drew on and shared case studies and findings from NCVO's latest research on community engagement. Made suggestions to improve **areas' press releases** when requested by areas.

#### **We influenced local authorities and public services to collaborate with residents and communities**

Our community collaboration campaign has continued from last year and this year included:

- We delivered two fringe events on community collaboration and devolution at the **LGA conference 2016**. Collaborating in the presentation with elected representatives at national and local level, attendees debated devolving more power to residents. 50 delegates attended, with whom we have remain engaged.
- Sponsored **Community Collaborator award** at LGiU Councillor Awards (15 entries), to recognise a councillor who has supported a resident-led project. The event was attended by over 200 local government council leaders, council cabinet members, senior local government figures and MPs. The award was presented by Big Local ambassador Anna.
- Achieved Local Government News and LGiU C'lr magazine **press coverage and guest blog** publication on LGiU and Renaisi websites.

- Our chief executive attended the **Vibrant Economies roundtable** run by Grant Thornton and attended by senior local government leaders.
- **Ran a joint roundtable on collaboration with LGiU**, attended by 15 councillors, which was followed by an LGiU report featuring collaboration case studies.
- Our staff spoke at the Society of Local Council Clerks (**SLCC**) **conference** with Big Local ambassador Barbara Arrandale, speaking about the benefits of collaboration between residents and parish councils.
- Issued a **press release** on the research we commissioned from IVAR that shows communities can help health agencies deliver on health and wellbeing.

### **We showcased our learning about local economies in key sector opportunities**

We hosted a local economies roundtable with six organisations who are supporting communities in a variety of ways. The meeting allowed us to update each other on what has been learned so far and identify opportunities for closer working practices.

We made a submission to the RSA Inclusive Growth commission, arguing that blending economic and social capital is core to creating lasting economic engagement.

### **We developed some of our relationships with other organisations into fruitful partnerships, to help position Local Trust as a leading innovator in transforming communities**

During this year, our former chief executive, Debbie Ladds, interim chief executive, Ben Hughes and current chief executive, Matt Leach established new contacts and maintained existing relationships with a range of stakeholders including voluntary and community sector organisations, relevant professional bodies and funders. Active collaborations have resulted and we are better placed to contribute to share our knowledge from the Big Local programme at a national level.

The following organisations invited us to present at flagship events attended by their membership, wrote blogs for our website and agreed to present their offer at Spring Events:

- NALC (National Association of Local Councils), which is now offering areas support with developing new community councils as a Big Local legacy
- CSPN (Community Sports Partnerships Network), which is now offering areas support and funding for developing health and wellbeing

In 2016-17 we developed relationships with other funders including Locality, Lankelly Chase, Collaborate and Power to Change, in particular through networking at ACF (Association of Charitable Foundations) conference. This led to us co-hosting a well-attended cross-sector event on place-based funding ('Power of Place') in April 2017.

### **We developed our ability to influence others in the future**

We commissioned Britain Thinks to complete a stakeholder perception audit, to help us to understand our current position and future potential role better. The audit included one-to-one interviews with leaders in the community sector, and sought to explore how Local Trust and the Big Local programme is perceived, how Local Trust could evolve its public role and share learning from Big Local more widely, and the value of this to the sector. The findings will inform the new communications strategy that is due in 2017-18.

We increased our communications capacity by recruiting a new permanent head of communications.

New commissions were made that will help communicate about Big Local in fresh ways in 2017-18, including photography, video and an essay by writer and thinker David Boyle.

## Objective 4

By March 2017, we will ensure Local Trust runs effectively and follows good practice.

### **We demonstrated efficient financial and funding processes, and developed them to ensure potential weaknesses were identified and mitigated**

A positive audit, with no significant concerns, was achieved for 2015-16. We have continued to keep our financial and funding processes under review to ensure that potential weaknesses are identified and mitigated.

- We ran training for reps on their role in monitoring Big Local funding, with the assistance of our auditors.
- We ran training for Big Local plan assessors in reading charity accounts, to ensure that they know what checks to make in terms of due diligence on locally trusted organisations.
- We moved our accounting systems to a cloud-hosted platform, which offers increased security and backups.

### **We maintained an enthusiastic staff team**

A staff survey was carried out by an external consultancy in February 2015, and a benchmarking exercise on staff salaries, terms and conditions was completed. In response to the recommendations from this consultancy:

- There were salary increases for most staff from April 2016.
- Two additional staff benefits were introduced during 2016-17; death in service insurance and employee assistance (a free and confidential advice and support service).

Appropriate policies and procedures are in place to ensure a suitable and safe working environment, including health and safety policy, lone working and personal safety policy and business continuity plan and these are reviewed and updated regularly, as appropriate.

### **We ensured that we delivered our activities through experienced organisations who act in line with our ethos and approach**

During 2016-17, Local Trust delivered the majority of its activities through contracts with experienced organisations, in line with our ethos and approach. Tender documents for all new contracts include criteria on our ethos and approach, and these criteria form part of our decision-making process. When we review the contracts of existing partners, we ask them to tell us how they contribute to Big Local's ethos and approach.

### **We used trustees' expertise effectively**

Trustees receive clear reports and information on time to inform their decision-making in line with governing documents. The content and the format of reports continues to be developed to ensure that trustees have appropriate and clearly presented information for decision-making.

We organised a trustee away day in January 2017. Individual trustees continued to contribute to areas of our work relevant to their own specialisms, including learning, communications, finance, investment and knowledge management.

The risk map was reviewed with trustees during the year. A revised risk map was adopted in June 2017, with a more user-friendly format.

**We improved our information management systems, digital technology and security**

We moved Local Trust's IT services to the cloud in summer 2016, using Microsoft SharePoint and the cloud-hosted version of our accounting software Exchequer, which offers more reliable backups and security. Staff are working well in the new cloud hosted services, and more training is planned to ensure that we have the skills to make the most of these services.

**We effectively managed the Big Local Trust endowment**

During 2016-17, the investment achieved an overall return of 6.96% overall, against a benchmark of 1.33%. There were no changes to our investment strategy during the year. We undertook our annual review of CCLA as Big Local Trust's investment manager in June 2016, and following this the board agreed to continue using CCLA.

**We established our investment strategy, cashflow and budget for managing funding beyond the Big Local Trust endowment**

In April 2016, a decision was made to deposit the majority of the legacy funding received from CDF in a COIF Charities Deposit Fund. Local Trust deposited £546k in CCLA's COIF Charities Deposit Fund in May 2016. An outline budget has been established for Local Trust for 2017-18.

## Plans for the future

Our former chief executive, Debbie Ladds, secured a firm foundation for Local Trust and for Big Local, supporting us since inception. After a period in 2016 under interim chief executive Ben Hughes, our new chief executive, Matt Leach is now leading us forward; embedding our resident led approach, learning from what we do and promoting our approach to a wider audience.

**Big Local funding can be spent over 10-15 years, allowing residents to invest in long-term projects that can leave a lasting legacy.** *East Cleveland Big Local in Yorkshire is sponsoring an elite cycling race for 3 years to engage the community and kick start a tourism strategy. In 2017, 130 riders started the international race season on a tough route that took them through the East Cleveland villages for the first time. On the day, thousands of local people came out onto the streets to lend their support and decorate the route and the feedback was fantastic: "It's really happening, it's happening for us. Who would ever have thought a huge bike race would come through little East Cleveland? Everyone is coming together and I absolutely believe after the race, this will continue, because we've got that spark back."* <https://storify.com/LocalTrust/klondike>

Work done by trustees and staff at the January 2017 away day informed the development of the new strategic plan for Big Local Trust and Local Trust for 2017-20. Increased staffing is required to fulfil the new strategic plans. During 2016-17, work was done to identify appropriate office space to accommodate an expanded staff team of 21 and in August 2017 the charity moved to a new office at CAN Mezzanine in Borough.

## Strategy for the next three years

We are now entering the main delivery phase of the Big Local programme. Between 2012 and 2017, Local Trust spent some £55m supporting locally-led change. Over the next five years we expect to spend some £150m as Big Local areas accelerate their delivery ambitions.

Over the next three years, Local Trust has set the following five priorities for itself and Big Local:

1. Ensuring Local Trust is geared up to support Big Local as it moves from start-up to delivery
2. Responding to the diversifying needs of our areas
3. Increasing collaboration and partnership – both nationally and locally
4. Becoming more proactive and challenging – encouraging innovation; accepting risk; challenging and questioning ourselves constantly; and effectively challenging all Big Local areas to achieve their full potential.
5. Looking to the future – starting to address legacy issues, both of our Big Local areas, and of the programme as a whole.

Whilst we deliver our strategy over the next three years, Local Trust and Big Local will continue to grow and adapt. We won't be changing the core of our programme – the £1m pledged to each of our Big Local areas or the terms on which it has been awarded, the long-term nature of our funding, and the commitment to support our areas in achieving their ambitions. And we will not shift from our vision of empowered, resilient, dynamic, asset-rich, resident-led communities. But we will be adapting and responding to a changing operating environment, new opportunities and emerging challenges as Big Local enters its main delivery phase.

## Financial review

During 2016-17, Local Trust's primary responsibility was to deliver Big Local using funds from the Big Local Trust.

Additionally, Local Trust began work on a new research project, Empowered communities in the 2020s, which will capture the contemporary value of community development and scope its future. This has been funded through legacy funding of £586k from Community Development Foundation, to advance, advocate and promote community development.

## Overview of income and expenditure

During 2016-17, Local Trust continued to manage the activities of Big Local Trust, which is funded through an expendable endowment from the Big Lottery Fund. Income on the invested endowment was £5.9m for the year (2016: £6.6m). There were net gains on the investment of £7.2m (2016: £0.8m losses).

Consolidated expenditure during the year was £34.7m (2016: £21.9m). The increase in expenditure reflects a 67% increase in direct funding to Big Local areas to £31.6m (2016: £18.9m). The cost of delivery to areas increased by 5% to £2.0m (2016: £1.9m). A full list of the funding to Big Local areas is included in note 5.

In Local Trust's consolidated accounts, the net decrease in funds for the year was £21.6m (2016: £15.5m). The total funds held at the year-end were £170.0m (2016: £191.6m).

## Big Local Trust's investments

### Investment strategy

Big Local Trust's investment strategy objectives 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 for each area.

Making use of the scale and duration of Big Local, the investment strategy aims to provide a reasonable medium-term return while ensuring that at all times sufficient short-term funds are available to support spending. The investment strategy is implemented in a controlled way to ensure that risks are appropriately managed and consistent with the objectives of Big Local.

There were no changes to Big Local Trust's investment strategy during 2016-17.

### Investment management

CCLA is the investment manager for Big Local Trust and works with the Local Trust investment sub-committee to manage investments in line with the investment strategy, as agreed by the board.

The sub-committee formally reviews the investment strategy once a year in line with the trust deed. The investment sub-committee includes two voluntary co-opted members, Chris Wigley and Serena Loudon, who bring independent investment expertise to discussions.

Additionally, during 2016-17 trustees commissioned an independent review of Big Local Trust's investment management by CCLA, which confirmed that CCLA are appropriate investment managers and recommended no changes at this time.

## Investment performance

The total value of Big Local Trust's investments, including income, as at 31 March 2017 was £188.6m (2016: £196.9m). The performance benchmark of the fund is Bank of England's Official Rate plus 1% per annum, so was +1.33% for 2016-17 (2016: +1.5%), and the overall returns for the year were +6.96% (2016: +2.11%). Equities performed particularly well with returns of +24.14% (2016: +0.19%), property returns were +2.47% (2016: +12.22%), fixed interest returns were +4.28% (2016: +1.89%), and cash and near cash were + 0.86% (2016: +0.83%).

## Ethical and responsible investment

Trustees reviewed Big Local Trust's ethical and responsible investment policy in February 2017. Local Trust, acting as the corporate trustee of Big Local Trust, agreed to use CCLA's default ethical investment policy in the management of its investments. This policy has been developed in accordance with Charity Commission guidance (CC14), and trustees believe represents an appropriate balance between aligning Big Local Trust's investments with its purposes and the delivery of good investment returns.

Our policy (as used by CCLA's COIF Charities Investment Fund) avoids investment in companies:

- producing landmines or cluster bombs
- with significant (more than 33%) of their turnover relating to:
  - tobacco
  - online gambling
  - the production of pornography.

Companies that continue, after persistent engagement, to violate international norms in regards to human rights, core employment standards and climate change disclosure will also be excluded. In addition, and in accordance with our charitable purpose, Big Local Trust will not invest in companies that generate more than 10% of their turnover from high interest rate lending.

Big Local Trust's investment sub-committee will consider participation in appropriate CCLA ethical engagement programmes that may result in divestments on a case-by-case basis.

As a responsible investor, Big Local Trust supports CCLA's wider stewardship work. Big Local Trust is keen to invest in accordance with the UN Principles for Responsible Investment, and expects its investment manager to be a signatory to these principles.

Big Local Trust supports the UK Stewardship Code of the Financial Reporting Council which sets out the principles of effective ownership by institutional investors. Big Local Trust's response to the UK Stewardship Code for asset owners is also available on its website.

Local Trust, acting as the corporate trustee of Big Local Trust, reviews this policy annually.

## Distribution of returns on the investment

Under Big Local, 150 Big Local areas are each allocated £1m to spend over a 10-year period, based on each area's Big Local plan. The fund that provides these allocations and supports the delivery of the programme is managed centrally by Local Trust, with areas accessing funds over time as plans are delivered locally. Beyond providing £1m plan funding to each area, Local Trust has committed to ensure that each area will also receive a proportion of the net investment returns earned by the fund.

With several Big Local areas approaching full spend of their £1m, in September 2017 trustees made the decision to bring forward the distribution of that proportion of the returns that could be guaranteed at that date. Having considered the performance of the investment, trustees decided each Big Local area will receive an additional £105k from the returns generated from the original investment of £150m, and that this will be added to the balance of each area's £1m.

## Grant making policy

Each Big Local area draws down funding by presenting plans to Local Trust for endorsement, setting out how they intend to address priorities identified by people in the area. Big Local areas appoint a locally trusted organisation to hold and be responsible for the funding. When plan funding is drawn down, locally trusted organisations receive an administration contribution of 5% of the grant.

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

Each area will receive:

- £1 million, plus a contribution towards partnership running costs or grant administration (5% of the total spend) available once their Big Local plan is endorsed
- a fair proportion of net investment returns earned by the fund
- any underspent or unused grant funding from the funds we offered to areas in the early years of Big Local (called Getting People Involved/Getting Started, Creating your Big Local plan and Marketplace), now available through the plan funding process
- travel and carer costs for residents to attend networking and learning events.

## Local Trust as a locally trusted organisation

Local Trust acted as the locally trusted organisation for a small number of Big Local areas that have been unable to identify a suitable organisation to fulfil this role. During this year, these areas were Clarksfield, Greenacres and Littlemoor, Gaunless Gateway, Noel Park Estate, Sompting, Tang Hall, and William Morris.

Big Local Trust retains the administration contribution of 5% for Local Trust acting as the locally trusted organisation, and in 2016-17 this totalled £5k (2016: £3k).

## Social investments

Big Local areas are encouraged to be innovative in the ways they create positive social change and economic growth within their local areas through the use of social investment. Big Local partnerships team up with credit unions and other social investors within their local areas, opening up access to funding for individuals and small organisations which would otherwise not have access. These initiatives are presented as part of the Big Local partnership plans, and funding made available for delivery.

During 2016-17, Big Local Trust made £52.5k available for social investment. These programme-related investments are listed under note 11 and disclosed as a separate line on the face of the balance sheet.

Big Local Trust's social investments and impairment policy is reviewed on an annual basis. An assessment is undertaken at the end of each financial year to determine the extent, if any, to which Big Local Trust's social investments have been impaired (reduced in value), to ensure that their value has not been overstated.

It is our view that there is no need for an impairment to be provided on the social investments made during 2016-17.

## Constructive obligations

A 'constructive obligation' between Big Local Trust and a locally trusted organisation is triggered when a grant (or other funding) offer letter is sent to a locally trusted organisation to notify them that a specific amount of funding has been endorsed for a stated period of time.

We record these constructive obligations, or grant commitments as creditors in the balance sheet of these accounts.

Big Local Trust's constructive obligations increased from £10.1m in 2015-16 to £23.2m in 2016-17, reflecting the increase in funding provided to the 150 Big Local areas that have been offered plan funding.

This increase is also reflected in the grants payable figure in the statement of financial activities on page 28.

## Financial planning

Financial planning for Local Trust incorporates planning for Big Local Trust as well as other Local Trust projects.

We undertake annual reviews of the budget to inform Big Local development, how funding is allocated and how areas are supported. The budget to 2027 is updated each year with actual spend and income and reforecast annually. It includes estimates of constructive obligations (eg funding committed) to areas as we deliver plan funding.

The updated 15-year budget informs the investment strategy and a rolling two-year cash flow forecast is provided to CCLA to enable them to manage cashflow requirements of the programme. The cashflow proved to be accurate for 2016-17 as it has been every year since first prepared in 2012.

During 2016-17, Local Trust will undertake a research project, as part of the Community Development Foundation legacy project that will inform its future plans and budget. In the interim,

the majority of the Community Development Foundation legacy funding, received in May 2016, is invested in CCLA's COIF Charities Deposit Fund.

## Reserves policies

Local Trust was established as the corporate trustee for Big Local Trust and, in practice, undertakes limited activities apart from delivering Big Local, although it has the ability within its governing documents to do so. Staff are jointly employed by Local Trust and Big Local Trust. Big Local Trust pays all staff and overhead costs, and charges Local Trust for all costs associated with its activities.

Local Trust (the company) had net restricted funds of £588k at 31 March 2017 (2016: £593k). The trustees currently plan that these funds should be spent over the next five years, on the Empowered Communities in the 2020s project, and that a reserve of £25k should be retained to cover any unexpected costs during this period. Trustees judge that this is appropriate, given that Local Trust has no direct staff or overhead liabilities, no direct beneficiaries, and is able to tailor its expenditure to fit its circumstances.

Big Local Trust has an expendable endowment, received from the Big Lottery Fund in 2012 and 2013, to be spent by 13 February 2027. All of Big Local Trust's funds are unrestricted. No funds had been designated or otherwise committed as at 31 March 2017, other than those identified elsewhere in the accounts.

Trustees consider that it is not necessary for Big Local Trust to specify a level of reserves beyond the significant level of funds held. Big Local Trust has processes in place to manage its funding over the period of the endowment, to ensure that the support costs, delivery costs and funding allocated to the 150 areas are spent in line with the requirements of the programme and the trust deed.

It is in the nature of an expendable endowment that funds are spent out over time. In the final years of Big Local, it may require a reserves policy to ensure sufficient funds are held to manage the close down of the programme in a managed and prudent way; however, this is not currently the case. As at 31 March 2017, Big Local Trust held total funds of £169.4m (2016: £191.0m). Within this, it has sufficient contingencies to cover any unforeseen costs; therefore, it is not currently appropriate for the trust to specify a reserves level.

Trustees review the Local Trust and Big Local Trust reserves policies annually.

## Staff remuneration

Local Trust benchmarks staff salaries against national partner and voluntary and community sector organisations and independent trusts and foundations. Tank Consulting carried out benchmarking research during 2015-16, and trustees used this information as part of a review of staff salaries, including the chief executive, considered to be the sole member of key management personnel. Trustees consider remuneration annually. Trustees recognise our approach might change in future as the organisation and staff team matures and as external factors change.

## Pensions

During 2016-17, all Local Trust staff were enrolled onto our group personal pension scheme. Local Trust currently contributes the equivalent of 10% of salary for each member of staff, which

is more than the minimum legal requirement (currently 2%, rising to 5% in April 2018 and 8% in April 2019). Staff are also encouraged to make a personal contribution, but this is not compulsory.

Under the Pensions Act 2008, every employer in the UK must put certain staff into a pension scheme and contribute towards it; this is called 'automatic enrolment'. Because of the way the pension scheme is set up, Local Trust was not required to make any changes to comply with auto enrolment, and this was completed in May 2017.

## Principal risks

Local Trust's approach to identifying, managing and mitigating risk has been reviewed and refreshed in 2017. Trustees have identified and reviewed the major strategic, business and operational risks and opportunities faced by Local Trust and Big Local Trust and are satisfied that reasonable steps are being taken to mitigate exposure and impact. We identify, manage and mitigate risks through our planning processes, and we maintain a risk register which is reviewed and updated by senior managers and trustees during the year. The finance and audit and investment sub-committees review in detail those risks which relate to their delegated responsibilities. The Board also reviews the full register on a regular basis.

Major risks, potential impacts and associated mitigation/control plans are:

<b>Risk</b>	<b>Potential impact</b>	<b>Mitigation or control</b>
Lack of effective oversight or understanding of programme given number of areas and wide range of activities	Lack of ability to assess overall shape of programme reduces ability to identify areas of risk/opportunity and make effective decisions for future	Improvements in programme management systems increasing quality of and accessibility of information held within the organisation
Slow spend by some Big Local partnerships	Rush to spend out towards 2027 reduces impact; endowment not spent by 2027; breach of trust deed	Active monitoring of spend plans; work to ensure that local and national stakeholders locally and nationally understand the reasons for 'slow spend'; continued focus on supporting areas to spend within time frame
Funds not managed effectively by locally trusted organisations	Loss of funds; risk of fraud; reputational risk	Guidance, training, and support for Big Local reps, partnerships and locally trusted organisations; monitoring of funding; assessment visits to proportion of locally trusted organisations, due diligence carried out and accounts checked annually.
Cuts to public funding may mean that charities that Big Local works with as locally trusted organisations may close or go into administration	Loss of Big Local funds; reputational risk; disruption to areas' delivery	Due diligence checks on potential locally trusted organisations; visits and checks on proportion of locally trusted organisations annually, including those considered at risk; processes in place to support smooth transition from one locally trusted organisation to another
Big Local investment losses due to economic recession/political uncertainty/Brexit	Unable to deliver on funding commitments and/or wider ambitions	Cautious and diversified investment strategy reviewed annually; retention of an agreed proportion of investment returns to mitigate impact of potential future losses
Loss of data, extortion or fraud due to cyber crime	Reputational damage; regulatory censure; impact on administration of charity	Improved, cloud-based IT systems; regular staff training; continue to keep IT security under review; use of specialist IT/cyber-security advice; disaster recovery plan in place and regularly reviewed

## Governance and committees

### Governance

Local Trust acts as the corporate trustee of Big Local Trust, in line with the Big Local Trust trust deed.

Local Trust was registered as a charity in England and Wales on 30 May 2012 (charity number 1147511). Local Trust is also registered as private limited company by guarantee (company number 07833396).

Local Trust's work is overseen by a board of trustees who meet on a quarterly basis. Our approach to governance is led by the chair of the Local Trust 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.

There were 11 trustees during 2016-17; there were no trustee appointments and no resignations during the year. However, four trustees have indicated their intention to step down at or following the next Local Trust AGM in December 2017. Recruitment is currently underway for replacements who will take up post from February 2018.

Trustees receive regular, timely reports which update on progress with Local Trust programmes of work, and inform decision-making.

Lead trustees for specific areas of work are: John Whitton on learning, Karen Riches and Peter Mills on communications and branding, Alice Casey on knowledge management, Penny Shepherd on investment and Jonathan Taylor on finance and audit.

Trustees spent time during the year focusing on topics including:

- strategic planning for Big Local
- recruitment of a new chief executive to lead the future development of Big Local
- increasing capacity to manage extra workload during the main delivery phase of Big Local.

Trustees delegate responsibility for the day-to-day running of the charity to the chief executive.

### Sub-committees

During the year, we operated two sub-committees: a finance and audit sub-committee and an investment sub-committee to enable appropriate governance and oversight of these functions:

- The investment sub-committee meets on a quarterly basis to oversee the management of the Big Local Trust investment, and reports to the board.
- The finance and audit sub-committee meets twice a year, once to discuss the annual budget and review the 15-year budget, and once to review the annual audited accounts and the audit findings report.

Neither sub-committee have delegated decision-making responsibilities.

## Trustee induction and training

All new trustees are taken through a structured induction programme. Trustees take advantage of a range of opportunities for training and development, including attendance at relevant conferences and networking events, and visits to Big Local areas. We also have an annual trustee away day, which trustees use to consider the strategic and long-term development of Local Trust and Big Local Trust.

## The protector

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 the Big Lottery Fund as the founder or to the Charity Commission. The Big Lottery Fund appointed Peter Thurston as protector in 2011, and he tendered his resignation in September 2017, effective from 13 December 2017. In accordance with best practice, Local Trust submitted a serious incident report to the Charity Commission to alert them to his resignation. A new protector has not yet been appointed.

## Statement of trustees' responsibilities

### In respect of the trustees' annual report and the financial statements

#### Responsibilities of the corporate trustee

Local Trust is corporate trustee of Big Local Trust and is responsible for preparing the trustee annual report and financial statements 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 of the incoming resources and application of resources, including the net income or expenditure, for the year. In preparing the financial statements, the corporate 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 Charities SORP (FRS 102)
- 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 a going concern basis, unless it is inappropriate to presume that the charity will continue in business.

The corporate trustee is responsible for keeping accounting records that disclose, with reasonable accuracy at any time, the financial position of the charity. It is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The corporate trustee is 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.

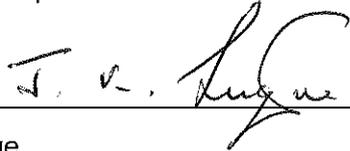
Each of the trustees has confirmed that so far as he/she is aware, there is no relevant audit information of which the charity's auditors are unaware, and that he/she has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information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

#### Auditors

A resolution to appoint Crowe Clark Whitehill LLP was proposed and agreed at the last annual general meeting.

Approved by the corporate trustee on 14 December 2017 and signed on their behalf by:

Signed



Date

14/12/2017

John Kevin Sugrue  
Chair

## Independent auditor's report to the members and trustees of Local Trust

We have audited the financial statements of Local Trust for the year ended 31 March 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash flows and the related notes numbered 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 and the charitable company's trustees as a body in accordance with section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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, the charitable company's members as a body and the charitable company's trustees 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.

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

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 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 2017 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
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

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

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

- 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; and
- the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report.

Signed N. Hashemi Date 15/12/17

Naziar Hashemi, Senior Statutory Auditor

For and on behalf of **Crowe Clark Whitehill LLP**

Statutory Auditor

London

## Consolidated statement of financial activities

(incorporating an income and expenditure account) for the year ended 31 March 2017

	<u>Notes</u>	<b>Total 2017 £000</b>	<b>Total 2016 £000</b>
<b>Income from:</b>			
Investment income	2	5,867	6,601
Community Development Foundation grants	3	10	606
Joseph Rowntree Foundation grant	3	15	-
Other income		16	12
<b>Total income</b>		<u>5,908</u>	<u>7,219</u>
<b>Expenditure on:</b>			
Raising funds		409	534
investment management charges			
Charitable activities:			
grants payable	5	31,609	18,898
delivery to areas		2,007	1,886
learning to support the programme		651	589
<b>Total expenditure</b>	4	<u>34,676</u>	<u>21,907</u>
Net operating expenditure		(28,768)	(14,688)
Net gains/(losses) on investments		7,174	(825)
<b>Net movement in funds</b>		(21,594)	(15,513)
<b>Reconciliation of funds:</b>			
Total funds brought forward at 1 April 2016		191,576	207,089
Total funds carried forward at 1 April 2017		<u>169,982</u>	<u>191,576</u>

All amounts are restricted and relate to continuing activities.

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

The accompanying notes, on pages 30 to 48, form part of these financial statements.

Consolidated and company balance sheets  
as at 31 March 2017

Company number: 07833396

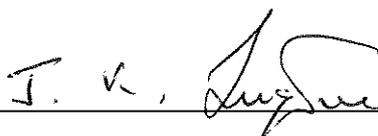
		2017	2017	2016	2016
		Group	Local Trust	Group	Local Trust
		£000	£000	£000	£000
	<b>Notes</b>				
<b>Fixed assets</b>					
Tangible assets	8	2	-	17	-
Intangible assets	9	51	5	63	-
Investments	10 & 11	188,589	-	196,933	-
Social investments	12	87	-	35	-
		<b>188,729</b>	<b>5</b>	<b>197,048</b>	<b>-</b>
<b>Current assets</b>					
Debtors	13	2,198	-	2,935	586
Investments		1,718	548	2,165	-
Cash at bank and in hand		982	49	103	19
<b>Total current assets</b>		<b>4,898</b>	<b>597</b>	<b>5,203</b>	<b>605</b>
<b>Liabilities</b>					
Creditors: amounts falling due within one year	14	(17,088)	(14)	(8,547)	(12)
<b>Net current assets</b>		<b>(12,190)</b>	<b>583</b>	<b>(3,344)</b>	<b>593</b>
Creditors: amounts falling due after one year	15	(6,557)	-	(2,128)	-
<b>Net assets</b>		<b>169,982</b>	<b>588</b>	<b>191,576</b>	<b>593</b>
<b>Funds</b>					
Restricted funds		169,982	588	191,576	593
<b>Total funds</b>		<b>169,982</b>	<b>588</b>	<b>191,576</b>	<b>593</b>

The accompanying notes, on pages 30 to 48, form part of these financial statements.

Local Trust generated a deficit of £5k (2016: surplus of £589k) before consolidation within the group financial statements.

Approved by the trustees, authorised for issue on 14 December 2017 and signed on behalf of the board of trustees:

Signed



Date 14/12/2017

John Kevin Sugrue  
Chair

Consolidated statement of cashflows  
for the year ended 31 March 2017

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Cash (outflow)/inflow from operating activities:</b>		
Net (outgoing) resources	(28,768)	(14,688)
Investment income received	(5,924)	(6,601)
Depreciation/amortisation of fixed assets	54	77
Decrease/(Increase) in debtors	737	(1,137)
Increase in creditors	12,970	3,189
Investment management fees	409	534
<b>Net cash (used in) operating activities</b>	<b>(20,522)</b>	<b>(18,626)</b>
<b>Cash flows from investing activities:</b>		
Investment income received	5,924	6,601
Investment management fees	(409)	(534)
Increase in cash held on deposit	-	-
Payments to acquire intangible fixed assets	(27)	(39)
Payments to acquire social investments	(52)	(35)
Net payments to acquire fixed asset investments	(5,482)	(6,277)
Receipts from the sale of fixed asset investments	21,000	19,000
<b>Net cash required by investing activities</b>	<b>20,954</b>	<b>18,716</b>
<b>Change in cash and cash equivalents in the year</b>	<b>432</b>	<b>90</b>
Change in cash and cash equivalents in the year	432	90
Cash and cash equivalents at 1 April 2016	2,268	2,178
<b>Cash and cash equivalents at 31 March 2017</b>	<b>2,700</b>	<b>2,268</b>

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Analysis of cash and cash equivalents:</b>		
Cash in hand	982	103
Notice deposits	1,718	2,165
	<b>2,700</b>	<b>2,268</b>

## Notes to the accounts

for the year ended 31 March 2017

### 1. Accounting policies

#### a) Administrative information

Local Trust is a public benefit entity and the corporate trustee of Big Local Trust, registered charity number 1145916.

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 and 9 October 2014. 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: registered company number	07833396
registered charity number	1147511

The registered office is: CAN Mezzanine, 7 - 14 Great Dover Street, London SE1 4YR.

#### b) Basis of preparation

The financial statements have been prepared under the historical cost convention, except that fixed asset investments are stated at market value, and in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – effective 1 January 2015.

After reviewing the charity's forecast and projections, the trustees have a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

#### c) 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.

#### d) Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historic experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

#### e) Incoming resources

Incoming resources are recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable probability. 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 period.

**f) Fund accounting**

Restricted funds are funds that have been given for particular purposes and projects. Restricted funds must be used in accordance with the funders or donors' wishes.

**g) Resources expended**

Expenditure is included on an accruals basis for charitable activities and expenditure on raising funds.

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.

**h) 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 allocated across grant expenditure directly to areas, delivery to areas, learning to support the programme and governance, on the basis of staff time spent undertaking an activity.

Direct governance costs are allocated on the basis of staff time spent undertaking an activity. The direct staff cost allocation for the period to 31 March 2017 was across delivery to areas and learning to support the programme.

**i) Operating leases**

Rentals under operating leases are charged on a straight-line basis over the lease term to the Statement of Financial Activities, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term.

**j) Expenditure on raising funds**

Expenditure on raising funds include investment management fees which are charged at 0.25% of the market value of the portfolio, and are charged as they fall due to the Statement of Financial Activities.

**k) Tangible fixed assets depreciation and intangible fixed assets amortisation**

All assets costing more than £1,000 are capitalised. Depreciation on tangible fixed assets (IT equipment and office furniture), and amortisation on intangible fixed assets (website and grant management system development), is provided to write off assets on a straight-line basis over their estimated useful economic life (three years).

**l) 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.

**m) Social investments**

Big Local Trust makes programme-related social investments on behalf of Big Local areas. Big Local Trust receives annual dividends from the credit unions on behalf of the Big Local areas, at the same rate as the annual dividend paid to other corporate members.

Social investments are initially recognised at cost and are assessed for impairment on an annual basis.

**n) Pension**

Local Trust 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.

**o) Grants payable**

A 'constructive obligation' between Big Local Trust and a locally trusted organisation is triggered when a grant (or funding) offer letter is sent to a locally trusted organisation to notify them that a specified amount of funding has been endorsed for a stated period of time. Big Local Trust records these constructive obligations, or grants payable, as creditors in these accounts.

**p) Financial instruments**

Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument. Additionally, all financial assets and liabilities are classified according to the substance of the contractual arrangements entered into.

Financial assets and liabilities are initially measured at transaction price (including transaction cost) and are subsequently re-measured where applicable at amortised cost except for investments which are subsequently measured at fair value with gains and losses recognised in the Statement of Financial Activities. Assets and liabilities held in a foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

**2. Investment income**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Interest on cash & cash instruments	225	200
Interest on bonds	3,427	3,811
Dividends from real assets	2,132	2,274
Bank interest	83	316
Total	5,867	6,601

### 3. Grant income

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Legacy funding from Community Development Foundation	10	586
Grant for work on potential transfer of assets	-	10
Grant for work with the Community Investment Coalition	-	10
Joseph Rowntree Foundation grant	15	-
Total	<u>25</u>	<u>606</u>

As required by the funding deed, Local Trust undertook to hold £50k of the Community Development Foundation legacy funding, to cover any residual liabilities not already discharged. A final invoice of £8k from the liquidators for completing the administration of the charity was received and paid in July 2017.

The Joseph Rowntree Foundation grant is restricted funding for work on the Empowered Communities in the 2020s research project.

#### 4. Resources expended

	Charitable activities					2017 Total £000	2016 Total £000
	Local Trust £000	Grant expenditure directly to areas £000	Delivery to areas £000	Learning to support the programme £000	Expenditure on raising funds £000		
<b>Direct costs</b>							
Staff	14	-	308	197	-	519	432
Grants to areas	-	-	-	-	-	-	-
Big Local plan funding	-	28,891	-	-	-	28,891	16,904
Community travel and childcare	-	40	-	-	-	40	33
Area admin contribution	-	1,442	-	-	-	1,442	834
Grant funding for Star People	-	772	-	-	-	772	740
Area delivery costs	-	-	1,540	-	-	1,540	1,488
Programme development	17	-	-	181	-	198	191
Finance charges	-	-	-	-	409	409	534
<i>Total direct costs</i>	31	31,145	1,848	378	409	33,811	21,156
<b>Support costs</b>							
Staff	-	143	57	92	-	292	214
Communication and marketing	-	29	12	19	-	60	37
IT and consultancy	-	127	51	81	-	259	280
Rent and office costs	6	47	19	30	-	102	91
Governance (see note 6)	-	91	9	3	-	103	51
Depreciation	-	27	11	17	-	55	77
<i>Total support costs</i>	6	464	159	242	-	865	751
<b>Total expenditure</b>	37	31,609	2,007	614	409	34,676	21,907

## 5. Grants payable

Big Local area	Locally trusted organisation	New grants £000	Repayment of unspent grants £000	Closed grants £000	2017 Total £000
Aberfeldy	Poplar HARCA	71	(59)	(35)	(23)
Allenton	Enthusiasm Trust	539	-	-	539
Arches Local (Central Chatham, Luton Arches)	Red Zebra Community Solutions	294	(81)	(69)	144
Barnfield	Greenwich Co-operative Development Agency	103	-	-	103
Barrow Island	Barrow Sports Council	-	(1)	-	(1)
Barrowcliff	Groundwork North Yorkshire	159	(1)	-	158
Beechwood, Ballantyne and Bidston Village	Community Action Wirral	292	(6)	-	286
Birchfield	Birmingham VSC	278	(18)	-	260
Birchwood	Learning Communities	-	(2)	-	(2)
Bountagu (Bounces-Montagu)	Enfield Children and Young People Service (ECYPS)	464	(77)	-	387
Bourne Estate	Bournemouth Churches Housing Association	65	(15)	(22)	28
Bradley	Pendle Borough Council	544	-	(51)	493
Brereton	Support Staffordshire	261	(103)	-	158
Brinnington	Groundwork MSSTT	225	-	-	225
Brookside	Stirchley and Brookside Parish Council	418	(53)	-	365
Carvey's Big Local £1 Million	Essex Boys and Girls Clubs	333	(45)	-	288
Cars Area, Smith's Wood, Solihull	Colebridge Trust	119	(1)	-	118
Catton Grove	Voluntary Norfolk	136	(10)	(34)	92
CELL - Lynemouth, Cresswell, Ellington and Linton	Lynemouth Community Trust	132	(61)	-	71
Central Boston	Age UK Boston and South Holland	121	(9)	-	112
Central Jarrow	Groundwork South Tyneside and Newcastle	294	-	-	294
Chinbrook Estate	Volunteer Centre Lewisham	-	(44)	-	(44)
	Lewisham Disability Coalition	65	-	-	65
Church Hill	Bromsgrove and Redditch Network	-	(58)	(276)	(334)
	Charles Lovell and Co Limited	277	-	-	277
Clapham Junction, West Battersea (Big Local SW11)	Providence House	124	(17)	-	107
Clarksfield, Greenacres and Littlemoor	Action Together CIO	229	-	-	229
	Local Trust	8	-	-	8
	Greenacres Community Centre	-	(9)	-	(9)
Clubmoor	Liverpool CVS	55	(40)	-	15
Clubmoor	St Andrew's Community Network	139	-	-	139
Collyhurst	Manchester Communication Academy	789	(7)	-	782

Big Local area	Locally trusted organisation	New grants £000	Repayment of unspent grants £000	Closed grants £000	2017 Total £000
Conniburrow	Milton Keynes Community Foundation	491	(103)	(40)	348
Devonshire West	3VA	626	(41)	-	585
Dewsbury Moor	Dewsbury Moor Rugby League Club	96	-	-	96
Distington	Cumbria CVS	359	(52)	-	307
Dover Town	Red Zebra Community Solutions	248	-	-	248
East Cleveland Villages	Tees Valley Rural Community Council	210	(35)	-	175
East Coseley	Dudley CVS	502	(1)	(80)	421
Eastern Sheppey	Swale CVS	209	(63)	-	146
Elmton, Creswell and Hodthorpe	Community Voluntary Partners	226	-	(63)	163
Ewanrigg	Cumbria CVS	411	(18)	-	393
Firs and Bromford	Worth Unlimited	103	(18)	-	85
Fratton	Community Action Hampshire	417	-	-	417
Gannow	Bury, Pendle and Rossendale CVS	560	(45)	(24)	491
Gaunless Gateway	Local Trust	-	-	-	-
	South Durham Enterprise Agency	218	-	-	218
Goldthorpe with Bolton-on-Deerne	Voluntary Action Barnsley	-	(24)	(91)	(115)
	Barnsley Community Build	482	-	-	482
Grace Mary to Lion Farm	6Towns Credit Union Ltd	30	-	-	30
	Sandwell CVO	579	(51)	-	528
Grange	Community Barnet	-	(2)	-	(2)
Grassmoor and Hasland	Links, Chesterfield and NE Derbyshire VSA	330	(42)	(60)	228
Greatfield	Probe (Hull) Ltd	53	(11)	-	42
	Hull and East Yorkshire Credit Union	8	(1)	-	7
	Hull and East Yorkshire Community Foundation	-	(38)	-	(38)
Greenmoor	Bradford and District CNET	393	(12)	(40)	341
Growing Together (Northampton East)	Blackthorn Good Neighbours	320	-	-	320
Hackney Wick	Hackney CVS	146	-	-	146
Hanwell, Copley Close	Empowering Action and Social Esteem	231	(26)	-	205
Harefield, Midanbury and Townhill Park (Big Local SO18)	Southampton Voluntary Services	242	(15)	-	227
	TWICS (Training for Work in Communities)	289	(6)	-	283
Hawksworth Wood Estate, the Abbeydales and the Vespers	Cardigan Centre	-	(28)	-	(28)
Heart of Pitsea	Basildon, Billericay and Wickford CVS	164	(48)	-	116
Heart of Sidley	Amicus Horizon	131	(2)	-	129
	Rother Voluntary Action	252	(18)	(50)	184

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Big Local area	Locally trusted organisation	New grants £000	Repayment of unspent grants £000	Closed grants £000	2017 Total £000
Heath Big Local	Uttoxeter Knights	478	(67)	-	411
Heston West	Groundwork South	153	-	(21)	132
Horsefair, Broadwaters and Greenhill (Big Local DY10)	Vestia Community Trust	381	-	-	381
Inner East Preston	Emmaus Preston	70	-	-	70
	Preston City Council	103	-	(65)	38
Kingsbrook and Cauldwell	Community Voluntary Service Bedfordshire	315	(2)	-	313
Kingswood and Hazel Leys	Groundwork Northamptonshire	392	(6)	(89)	297
Kirk Hallam	Kirk Hallam Community Technology and Sports College	341	(8)	(67)	266
Kirkholt	CVS Rochdale	103	-	-	103
Latch Ford	Golden Gates Housing Trust	428	(1)	-	427
Lawrence Weston	Ambition Lawrence Weston	455	(57)	-	398
Leecliffe (Leeming and Aycliffe)	Affinity Sutton	253	(29)	-	224
Leigh West	Leigh Neighbours Partnership Board	284	(42)	(28)	214
Little Hulton	Salford City College	-	(19)	(27)	(46)
	Salford CVS	238	-	-	238
Littlemoor	Groundwork South	154	-	-	154
London Road area of Broad Green	Croydon Voluntary Action	130	-	-	130
Mablethorpe, Trusthorpe and Sutton on Sea (Coastal Communities Challenge)	Lincolnshire Community Foundation	149	-	-	149
Marks Gate	London Community Foundation	641	(36)	-	605
Marsh and Micklefield	Buckinghamshire Community Foundation	82	(21)	-	61
Mossley	Sneyd Community Association	265	(55)	(30)	180
Newington, Ramsgate	Diocese of Canterbury	3	(4)	-	(1)
	Red Zebra Community Solutions	180	-	-	180
Noel Park Estate	Local Trust	5	-	(5)	-
	Haringey ACVO	-	(26)	(48)	(74)
North Brixton	London Community Foundation	170	(2)	(119)	49
North Cleethorpes	Voluntary Action North East Lincolnshire	213	(2)	-	211
North East Hastings	Orbit Housing Association	157	(86)	-	71
North Ormesby	North Ormesby Development Trust	521	(78)	-	443
Northfleet North	North West Kent CVS	140	(30)	-	110
Northwood	Community Foundation for Merseyside	498	(34)	-	464
Palfrey	Palfrey Community Association	141	-	-	141

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Big Local area	Locally trusted organisation	New grants £000	Repayment of unspent grants £000	Closed grants £000	2017 Total £000
Peabody Avenue and Churchill Gardens Estate (Big Local SW1)	Thamesbank Centre	75	-	-	75
People's Empowerment Alliance of Custom House (PEACH)	Custom House and Canning Town Renewal Project	345	(35)	-	310
Plaistow South	Rights and Equalities in Newham	633	(26)	-	607
Podsmead	Gloucestershire Credit Union	275	(65)	(95)	115
	GL Communities	90	-	-	90
Prospect Estate	Rushmoor Borough Council	300	-	-	300
Radstock and Westfield	Westfield Parish Council	264	(3)	-	261
Ramsey	Ramsey Neighbourhoods Trust	279	(24)	-	255
Rastrick	Community Foundation for Calderdale	107	(27)	(19)	61
Ravensthorpe and Westwood	Cross Keys Homes	20	-	-	20
Riverside Community	Thurrock Lifestyle Solutions	300	(60)	(17)	223
Roseworth Ward	Catalyst	232	-	-	232
Rudheath and Witton	Groundwork CLM	274	(13)	-	261
Sale West	Irwell Valley Housing Association	-	(27)	(91)	(118)
Scotlands and Bushbury Hill	Bushbury Hill Estate Management Board	342	(71)	-	271
Sompting	Adur Voluntary Action	349	(39)	(20)	290
	Local Trust	27	-	(1)	26
South Bermondsey	United St Saviour's Charity	138	-	-	138
St James Street Area	Crest Waltham Forest	526	-	-	526
St Matthew's Estate	Voluntary Action Leicester	-	(48)	-	(48)
	St Matthew's Big Local	160	-	-	160
St Oswald and Netherton (L30 Million Project)	Knowsley Mutual Credit Union	18	-	-	18
	Sefton Metropolitan Borough Council	385	-	-	385
Stoke North	Staffordshire Housing Association	330	-	(21)	309
Tang Hall	Local Trust	68	-	-	68
	Tang Hall Primary School	-	(49)	(42)	(91)
Three Parishes - Gobowen, St Martins and Weston Rhyn	Oswestry Community Action	486	(19)	-	467
Thurcroft	Rotherham Federation of Communities Ltd	83	(26)	-	57
	Thurcroft Institute and Recreation Ground	105	-	-	105
Thurnscoe	Barnsley Community Build	745	(105)	-	640
	Voluntary Action Barnsley	-	(18)	(51)	(69)
Tonge with the Haugh	Bolton at Home	-	(28)	-	(28)
Tree Estate and part of Town Ward	Healthy Living Centre Dartford	13	(3)	-	10
Wargrave	Helena Partnership Ltd	229	(11)	(44)	174
Warsop Parish	Mansfield CVS	188	(10)	-	178

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Big Local area	Locally trusted organisation	New grants £000	Repayment of unspent grants £000	Closed grants £000	2017 Total £000
Warwick Ahead	Conservation Volunteers	-	(2)	-	(2)
	Old Quarry Adventure Playground	-	(36)	-	(36)
	Warwick Community Group	-	-	-	-
	Warwick Neighbourhood Watch	-	-	-	-
	Nova Wakefield District	94	-	-	94
Wecock Farm	Community Action Hampshire	110	-	(12)	98
Welsh House Farm	Haven Community Project	139	-	-	139
Wembley Central	Landau Morley LLP	200	-	-	200
Westfield Estate	Beighton Village Development Trust	180	(19)	(13)	148
Whitleigh	Whitleigh Primary and Sir John Hunt Community Sports College (CSC) Federation	616	(2)	-	614
Whitley	Berkshire Community Foundation	327	(13)	-	314
Whitley Bay	New Prospects Association Ltd	483	-	-	483
William Morris	Local Trust	-	-	(63)	(63)
	Crest Waltham Forest	139	-	-	139
Windmill Hill	Groundwork CLM	143	(30)	-	113
Winterton	Voluntary Action North Lincolnshire	-	(92)	(69)	(161)
Withernsea	Shores Centre	277	-	-	277
Woodlands Speaks	Woodlands Speaks CIO	195	(48)	-	147
Woolavington and Puriton Villages Together	SHAL Housing Ltd	213	(28)	(46)	139
World's End Estate and Lots Road Area	St Mary Abbots Rehabilitation and Training	112	(20)	-	92
Worle	NSAH (Alliance Homes Ltd)	575	(5)	-	570
Wormholt and White City	White City Enterprise	120	-	-	120
Wormley and Turnford	CVS for Broxbourne and East Herts	421	(20)	(60)	341
	Subtotal of grants to local areas	34,033	(3,044)	(2,098)	28,891
Other grants					
	Residents' travel and childcare				40
	Area admin contributions				1,442
	Grant to UnLtd for Star People				772
	Support and governance costs				464
	Total grants payable				31,609

Hull and East Yorkshire Community Foundation went into voluntary liquidation in December 2015. At the time, it was the locally trusted organisation for Withernsea and Greatfield Big Local areas, and it was holding an estimated £99,785 of Big Local funding. To date, Big Local Trust has recovered £38,441 on behalf of Greatfield Big Local. The liquidators have yet to conclude their business, and the charity remains an unsecured creditor for the remainder of the funding held by Hull and East Yorkshire Community Foundation. An update received in September 2017 advised that administration of the liquidation is still ongoing and the next progress report will be sent to creditors within 2 months following the anniversary of the liquidation.

## 6. Governance Costs

Total governance costs of £203k (2016: £143k) consist of direct governance costs of £103k and indirect costs of £100k. Indirect governance costs are an apportionment of staffing and other support costs, calculated on the basis of staff time spent. This is in accordance with our accounting policies as outlined in note 1g to the accounts.

## 7. Net income/expenditure for the year

This is stated after charging:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Depreciation and amortisation	54	77
Auditor's remuneration (including VAT):		
-audit	17	29
-non-audit	4	9
Investment manager's fees	409	534
Legal and professional fees	39	4
Operating lease charges	38	38

Big Local Trust audit fees for 2016-17 are estimated at £17k. Non-audit fees of £4k were for finance-related training for Big Local reps and partnerships during 2016-17.

## 8. Group and company tangible fixed assets

			<b>2017</b>	<b>2016</b>
	Office refurbishme nt	IT equipment	Total	Total
Cost	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance brought forward	44	131	175	171
Additions	-	-	-	4
Disposals	-	-	-	-
Balance carried forward	<u>44</u>	<u>131</u>	<u>175</u>	<u>175</u>
Depreciation				
Balance brought forward	38	120	158	116
Disposals	-	-	-	-
Charge for year	5	10	15	42
Balance carried forward	<u>43</u>	<u>130</u>	<u>173</u>	<u>158</u>
Net book value				
Brought forward	6	11	17	55
Carried forward	<u>1</u>	<u>1</u>	<u>2</u>	<u>17</u>

## 9. Group and company intangible fixed assets

	<b>2017</b>	<b>2016</b>
	<b>Total</b>	<b>Total</b>
Cost	<b>£000</b>	<b>£000</b>
Balance brought forward	127	93
Additions	27	34
Balance carried forward	<u>154</u>	<u>127</u>
Amortisation		
Balance brought forward	64	29
Charge for year	39	35
Balance carried forward	<u>103</u>	<u>64</u>
Net book value		
Brought forward	63	64
Carried forward	<u>51</u>	<u>63</u>

Intangible fixed assets include development of Big Local Trust's grant management system and website.

## 10. Group and company investments

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Market value brought forward	196,933	208,859
Transfer from cash held on deposit	-	1,622
Investment additions	5,482	6,277
Investment income drawdown	(21,000)	(19,000)
Net (loss)/gains on investment	7,174	(825)
Cash held on deposit	-	-
<b>Total investments</b>	<b>188,589</b>	<b>196,933</b>

## 11. Investments by type and location of fund

	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>
	<b>UK</b>	<b>Overseas</b>	<b>Total</b>	<b>UK</b>	<b>Overseas</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Equity	11,563	28,757	40,320	13,681	26,120	39,801
Fixed interest	80,999	-	80,999	87,425	-	87,425
Property	14,830	-	14,830	19,139	-	19,139
Cash	52,440	-	52,440	50,568	-	50,568
<b>Total</b>	<b>159,832</b>	<b>28,757</b>	<b>188,589</b>	<b>170,813</b>	<b>26,120</b>	<b>196,933</b>

The total book cost of investments held at 31 March 2017 was £176,598k (2016: £187,366k).

## 12. Social investment assets

<b>Big Local area</b>	<b>Credit union</b>	<b>Amount</b>	<b>Dividends</b>	<b>Repayments</b>	<b>Funds at 31</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>March 2017</b>
					<b>£000</b>
<b>2015-16</b>					
East Coseley	Castle and Crystal Credit Union	15	-	-	15
North West Ipswich	Eastern Savings and Loans Credit Union	20	-	-	20
<b>Total 2015-16</b>		<b>35</b>	<b>-</b>	<b>-</b>	<b>35</b>
<b>2016-17</b>					
Goldthorpe with Bolton on Dearne	South Yorkshire Credit Union	20	-	-	20
Grace Mary to Lion Farm	6Towns Credit Union	15	-	-	15
Rudheath and Witton	Key Fund loan	5	-	1	4
St Oswald and Netherton	Knowsley Mutual Credit Union	13	-	-	13
<b>Total 2016-17</b>		<b>53</b>	<b>-</b>	<b>1</b>	<b>52</b>
<b>Total social investments</b>		<b>88</b>	<b>-</b>	<b>1</b>	<b>87</b>

Currently it is our view that there is no need for an impairment to be provided on the social investments made during 2016-17.

### 13. Debtors

	2017 Group £000	2017 Local Trust £000	2016 Group £000	2016 Local Trust £000
Trade Debtors	841	-	1,490	586
Prepayments	49	-	80	-
Accrued income	1,308	-	1,365	-
Total	<u>2,198</u>	<u>-</u>	<u>2,935</u>	<u>586</u>

### 14. Creditors: amounts falling due within one year

	2017 Group £000	2017 Local Trust £000	2016 Group £000	2016 Local Trust £000
Trade creditors	274	1	333	-
Amounts due to Big Local Trust	-	13	-	12
Grant commitments	16,661	-	7,998	-
Social security and other taxation	18	-	15	-
Accruals	127	-	195	-
Pension payments due	8	-	6	-
Total	<u>17,088</u>	<u>14</u>	<u>8,547</u>	<u>12</u>

### 15. Creditors: amounts falling due after one year

	2017 Group £000	2017 Local Trust £000	2016 Group £	2016 Local Trust £
Grant commitments	6,557	-	2,128	-
Total	<u>6,557</u>	<u>-</u>	<u>2,128</u>	<u>-</u>

### 16. Grant commitments

	2017 £000	2016 £000
Grant commitments b/fwd	10,126	6,746
New commitments in the year	34,033	20,241
Commitments settled in the year	(15,799)	(13,524)
Commitments reversed in the year	(5,142)	(3,337)
Grant commitments c/fwd	<u>23,218</u>	<u>10,126</u>

## 17. Movement in funds

Local Trust	Balance at 31 March 2016	Incoming resources	Outgoing resources	Gains/ losses	Balance at 31 March 2017
	£000	£000	£000	£000	£000
<b>Restricted funds</b>					
Big Local - Big Lottery Fund	161,207	-	(34,231)	-	126,976
Big Local - investment income	29,764	5,865	(409)	7,174	42,394
Big Local - other income	12	12	-	-	24
CDF legacy fund	563	16	(24)	-	555
Empowered Communities 2020					
- Joseph Rowntree Foundation	-	15	(10)	-	5
- Community Development Foundation (CDF)	25	-	-	-	25
Community Investment Coalition project (CDF)	5	-	(2)	-	3
<b>Total restricted funds</b>	<b>191,576</b>	<b>5,908</b>	<b>(34,676)</b>	<b>7,174</b>	<b>169,982</b>

### Restricted funds

In Local Trust's consolidated accounts, the net decrease in funds for the year was £21.6m (2016: £15.5m). The total funds held at the year-end were £170.0m (2016: £191.6m).

Big Lottery Fund established Big Local Trust with a National Lottery grant of £196,873,499 in 2012. This is an expendable endowment to be spent by 13 February 2027. Funding of £34.2m was expended during the year, and was used for delivery of Big Local Trust's charitable activities.

Investment income is made up of returns on the Big Local Trust endowment, which is managed on behalf of Big Local Trust by charity fund managers, CCLA.

During 2015-16, Local Trust was informed that Community Development Foundation (CDF) intended to make a cash gift to Local Trust, of the funds remaining upon the charity's closure, in order to continue our work around advancing, advocating and promoting community development; this is shown above as the CDF legacy fund. The bulk of the CDF legacy fund, committed in 2015-16, was received in May 2016. Within these original funds provided by CDF, £50k was ring-fenced to cover the legal costs associated with the closure of the charity; Local Trust paid the final legal costs invoice of £8k in July 2017. In September 2016, a final payment of £10k was received from the closure of the charity.

Funds for Local Trust's Empowered Communities 2020 project include income from the Community Development Foundation and the Joseph Rowntree Foundation. Local Trust received £15k (2016: £nil) from the Joseph Rowntree Foundation grant for work on the Empowered Communities in the 2020s research project.

The Community Investment Coalition project was funded by CDF in 2015.

## 18. Analysis of net assets between funds

<b>Local Trust</b>	<b>Restricted Funds 2017 £000</b>	<b>Restricted Funds 2016 £000</b>
Fund balances as at 31 March 2017 are represented by:		
Tangible assets	2	17
Intangible assets	51	63
Investments	188,589	196,933
Social investments	87	35
Current assets	4,898	5,203
Current liabilities	(17,088)	(8,547)
Long-term liabilities	(6,557)	(2,128)
	<b>169,982</b>	<b>191,576</b>

## 19. Operating leases

	<b>2017 £000</b>	<b>2016 £000</b>
Land and buildings, due in less than 1 year	54	38
Land and buildings, due in 2 to 5 years	-	152
Land and buildings, due after 5 years	-	157

On 12 August 2017, Big Local Trust entered a lease to occupy office space at CAN Mezzanine, Borough. Future commitments in relation to this lease are noted above.

Operating lease commitments in 2016 related to the old White Lion Street lease. Big Local Trust paid amounts totalling £40k to the previous Landlord at White Lion Street in order to break the lease on 31 August 2017. No further liabilities in relation to this lease remain at the date of approval of these financial statements.

## 20. Staff costs and numbers

	<b>2017 £000</b>	<b>2016 £000</b>
Wages and salaries	565	506
Social security and other taxes	57	53
Pension	59	49
Total	<b>681</b>	<b>608</b>

Trustees are responsible for setting remuneration levels for staff, making informed judgments in line with governing documents each year, via the finance and audit sub-committee who make recommendations to the board.

Trustees recognise the importance of valuing staff that need to effectively and appropriately manage the endowment, the programme, grants and social investment into 150 areas and the contracts/grants of those delivering national support, research and evaluation.

Staff are jointly employed by Big Local Trust and Local Trust. The average number of employees during the year was 13.5 (2016: 12.2).

In line with NCVO's Inquiry into Senior Executive Pay (2014), we publish details of our chief executive's pay and the ratio between the highest, median and lowest salaries as detailed below.

One employee earned between £80k and £90k per annum (2016: one). Debbie Ladds was chief executive to August 2016, and Matt Leach took over from January 2017 onwards. Ben Hughes was interim chief executive between September 2016 and January 2017, but not a salaried member of staff.

<b>Chief executive salaries</b>	<b>Annual salary £000</b>	<b>Total pay before tax £000</b>	<b>Total employer's National Insurance £000</b>	<b>Total employer's pension £000</b>	<b>Total cost £000</b>
<b>2017</b>					
Matt Leach (from 2 January 2017)	90	23	3	2	28
Debbie Ladds (to 31 August 2016)	90	37	4	4	45
		60	7	6	73
<b>2016</b>					
Debbie Ladds (1 April 2016 to 31 March 2017)	90	90	11	10	111

Ben Hughes was paid on a consultancy basis as Local Trust's interim chief executive, between September and December 2016. His total fees were £23k.

As at 31 March 2017, the highest full time gross salary was £90k, the median was £37k (ratio 2.4 to 1 between highest and median) and the lowest was £28k (ratio 3.2 to 1 between highest and lowest).

Local Trust is a London Living Wage accredited employer, and all our staff and contractors are paid at least the London Living Wage.

## 21. Volunteers

Big Local relies on people getting involved in making their areas better places to live. Over 1,900 people directly participate as partnership members across the 150 Big Local areas. Partnership members include representatives from local organisations, councils and businesses but a vast majority are volunteer residents (67%) who give of their own time to help lead Big Local in their area. More than a third (38%) of volunteer residents contribute over five hours a week to their Big Local. 14 of our volunteers are also trained as Big Local ambassadors and help us promote Big Local nationally.

## 22. Pension

We offer 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; there is no minimum contribution for staff although they are encouraged to make a contribution.

Pension contributions made by Big Local Trust to the scheme during the year were £59k (2016: £49k) for 15 employees. As at 31 March 2017, Big Local Trust owed £8k (2016: £6k) to the scheme relating to March salary payments: the amount due was settled on time during April 2016.

### **23. Trustees' remuneration, benefits and expenses**

Trustees received no remuneration. Three trustees received reimbursements for travel costs during the period including travel related to trustee recruitment totalling £3k (2016: £5k). Trustee training expenses during the period were £3k (2016: £2k). Trustee recruitment costs during the period were £nil (2016 £nil).

### **24. Big Local Trust protector**

Protector fees and expenses of £19k were payable during the period (2016: £16k).

### **25. Related party transactions**

During the period April 2016 to March 2017, Local Trust paid Big Local Trust £24k for staff time and expenses spent on Local Trust activities (2016: £12k), but initially paid for through Big Local Trust. Big Local Trust had an outstanding debtor balance with Local Trust of £12k as at 31 March 2017 (2016: £12k).

Andrew Robinson is trustee of Local Trust and a director at CCLA. CCLA manage the Big Local Trust investment portfolio. Big Local Trust paid CCLA £409k in investment management charges during the year (2016: £534k). At 31 March 2017, Big Local Trust owed CCLA a balance of £104k (2016: £126k). During 2016-17, Local Trust received £10k which was a returned grant payment from a Community Development Foundation funded organisation; Andrew Robinson was the chair of Community Development Foundation board of trustees during the year.

Benjamin Lee is trustee of Local Trust and a director of the National Association for Neighbourhood Management. Big Local Trust paid the National Association for Neighbourhood Management £66k (2016: £41k) for delivery of learning and networking events during the period. At 31 March 2017, Big Local Trust owed the National Association for Neighbourhood Management a balance of £17k (2016: £nil).

### **26. Post balance sheet events**

There were no post balance sheet events that affected the financial information shown in the accounts.

## 27. Financial instruments

Carrying values of financial assets and liabilities at 31 March:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Financial assets measured at amortised cost (a)	4,936	5,159
Financial assets measured at fair value (b)	188,589	196,933
Financial liabilities measured at amortised cost (c)	23,627	10,661

- (a) Financial assets measured at amortised cost include all debtors (excluding prepayments), cash in hand, notice deposits and social investments.
- (b) Financial assets measured at fair value include all fixed asset investments (excluding social investments).
- (c) Financial liabilities measured at amortised cost include all liabilities excluding amounts due for tax and social security.

## **Charity details**

### **Local Trust registered company number**

07833396

### **Local Trust registered charity number**

1147511

### **Principal address**

Unit D, 15-18 White Lion Street, London N1 9PD (to 18 August 2017)

CAN Mezzanine - Borough, 7-14 Great Dover Street, London SE1 4YR (from 19 August 2017)

Local Trust is the corporate trustee of Big Local Trust, registered charity number 1145916.

### *The trustees of Local Trust are:*

Alice Casey

Daniel Goodwin (resigned 14 December 2017)

Kathryn Kane OBE

Benjamin Lee

Peter Mills

Karen Riches

Andrew Robinson MBE

Penelope Shepherd MBE

John Kevin Sugrue (chair)

Jonathan Taylor

Dr John Whitton

### *Investment sub-committee members*

Benjamin Lee

Serena Loudon (co-optee)

Peter Mills

Penelope Shepherd MBE (chair)

John Kevin Sugrue (ex-officio member from June 2014)

Chris Wigley (co-optee)

### *Finance and audit sub-committee members*

Kathryn Kane

Andrew Robinson MBE

John Kevin Sugrue (chair until June 2014, then ex-officio member from June 2014)

Jonathan Taylor (chair from June 2014)

### **Chief executive of Local Trust**

Debbie Ladds (until 31 August 2016)

Ben Hughes (interim chief executive from 1 September 2016)

Matt Leach (from 2 January 2017)

### **Protector of Big Local Trust**

Peter Thurston

**Advisors**

**Auditor**

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

**Solicitor**

Withers LLP  
16 Old Bailey  
London EC4M 7EG

**Bankers**

National Westminster Bank plc  
250 Regent Street  
London W1B 3BN

**Investment manager**

CCLA  
Senator House  
85 Queen Victoria Street  
London EC4V 4ET

**Custodian**

Northern Trust (to 1 June 2015)  
50 Bank Street  
Canary Wharf  
London E14 5NT

HSBC Bank Plc (from 1 June 2015)  
8 Canada Square  
London E14 5HQ

## **History and background**

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 and 9 October 2014. 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.

## **The relationship between Big Local Trust, Local Trust and the Big Lottery Fund**

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. All the activities of Big Local Trust are promoted under the Local Trust and Big Local brands.

Further details about the Big Local Trust and the Big Local programme can be found in the annual report and accounts of Big Local Trust and on the Local Trust website.

## **Our approach**

Our resident- and community-led approach is both a philosophy and a methodology and informed by our learning from past community based programmes (Big Local: What's new and different, Institute for Voluntary Action Research, July 2013) which indicate that the things that matter most are:

- pace of development
- starting with assets not deficits
- willingness to take risks
- light touch support
- peer support and opportunities for reflection.

We believe that a resident- and community-led approach to creating lasting change:

- 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 our approach is a 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 realise this approach won't suit everyone or every situation but we are passionate about it because we believe it provides more embedded and lasting change. We have a dynamic and evolving approach based on what we and others are learning and we are not afraid to take risks, experiment or fail as we learn from our own experiences and those of the people we are supporting.

## **Objects of Local Trust**

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.'

## **Objects of Big Local Trust**

The objects as stipulated in the trust deed of Big Local Trust 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.'

## **Big Local outcomes**

The four outcomes set by the Big Lottery Fund for the Big Local programme 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.

# Local Trust

T: 020 3588 0565

E: [info@localtrust.org.uk](mailto:info@localtrust.org.uk)

W: [www.localtrust.org.uk](http://www.localtrust.org.uk)

Twitter: @LocalTrust #biglocal

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.

Registered in England and Wales | Big Local Trust registered charity number 1145916  
Local Trust registered company number 7833396, registered charity number 1147511

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