

Local Trust

Annual report and financial statements

for 1 April 2017 - 31 March 2018

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 over £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 funding 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 at least £150m in 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 the funding they receive over 10-15 years to make a lasting positive difference to their communities. Each area will receive £1m in funding, plus 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 1,600 people across England were involved in Big Local partnerships during 2017-18.

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. In early 2017, we launched the 'Empowered Communities in the 2020s' project. This major new research and public engagement project funded from the CDF legacy together with funding from the Joseph Rowntree Foundation explored what is needed for communities to become more vibrant and empowered in the future. The project came to an end in July 2018, with the launch of 'The Future for Communities: Perspectives on power', which shares findings from 18 months of research.

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

We set ourselves the following six main strategic priorities for the period 2017-18. In the following pages, we report on our progress against the objectives laid out in our strategic plan, for the year to 31 March 2018.

Objective 1 – Ensuring that Local Trust is geared up to support Big Local as it moves from start-up to delivery

Local Trust made changes to ensure that it had the right structures in place to support Big Local.

A new staff structure was established, expanding the staff team from 13 to 22 to support Big Local during its peak delivery phase, and to bring more of Local Trust's research and evaluation in-house. A move to a larger shared office space, in August 2017, gave Local Trust the flexibility to accommodate an expanded staff team.

Local Trust's grant management and finance systems were integrated, increasing the efficiency and integrity of our systems. Staff put in place changes to ensure that Local Trust complied with GDPR and worked towards Cyber Essentials accreditation.

Local Trust undertook a governance review during autumn 2017, and following a successful recruitment drive, co-opted six new trustees to the Local Trust board in March 2018. New committee structures are geared towards ensuring that trustees are able to focus on the strategic development of Big Local, as well as contributing their skills and experience to committees looking in more detail at programme delivery, finance and investment, audit and risk, and nominations.

Objective 2 - Ensuring that the support we offer to areas reflects changing needs and diversifying local approaches

Local Trust worked hard to ensure that the support offered reflected the needs of Big Local areas.

Staff and trustees visited over 50% of Big Local areas during the year, to help us understand in more detail the broader activity of those areas, how they are delivering their plan and how we can support them more effectively. Visits included include general visits to areas by staff, CEO and trustees, as well as 12 'finance review visits' to the locally trusted organisations that manage funding on behalf of Big Local partnerships.

During 2017-18, Big Local areas were offered a wide range of support, from a tailored social entrepreneurship programme, to an action research to help develop expertise in resident-led economic revival:

A new offer of customised support for up to 20 Big Local areas, including direct support for social entrepreneurs, technical business support workshops, coaching and one-to-one sessions, investment advice, and training to help capture and measure the impact of social entrepreneurs. This support was offered to Big Local partnerships that were willing to invest £50k of their £1m, over three years. In return, Local Trust committed to invest an additional £100k of support funds over those three years to each Big Local area taking part. Partnership work with Behavioural Insights Team, Shared Assets, StreetGames, the Academy of Urbanism and UnLtd is underway.

Big Local Trust commissioned the New Economics Foundation to carry out an action research project, work with residents from up to 12 Big Local areas on the English coastline to hone community leadership skills and develop expertise in resident-led economic revival. A structured, year-long programme of face-to-face and virtual group sessions asks participating residents to 'learn by doing'. The programme is one of a wider series of new learning and networking opportunities being launched by Local Trust in 2018, which will support Big Local areas to form 'learning clusters' and develop community leadership on key topics including youth violence, legacy, better homes and building homes.

Objective 3 - Rapidly expanding the range of partners we work with, building the widest range of strong, value-based relationships, and encouraging local areas to do the same

A wide range of new partnerships were developed during 2018-18 to support Big Local.

In partnership with Power to Change, Lankelly Chase, Locality and Collaborate, we held the 'Power of Place' event, in April 2017, which attracted over 100 attendees; five different organisations with similar ambitions to transform places but different approaches, came together to see what we could all share and learn.

A second event, on community arts and co-creation, was held in March 2018. 'Co-Creation Explored', and was attended by 10 Big Local areas, including Newington and Welsh House Farm. It marked the start of a new partnership between Local Trust and the Calouste Gulbenkian Foundation to support more creativity in Big Local areas through learning networks, guidance and case studies.

We commissioned a series of essays exploring how people and places are changing through Big Local. Each essay considers the lessons of Big Local for institutions and policymakers interested in radical devolution of power and responsibility to a community level. The first essay 'The grammar of change: Big Local neighbourhoods in action', published in September 2017, is an account of visits to Big Local areas in Kent, Blackpool, Leicester and Doncaster; author David Boyle examines the powerful stories of the residents involved and challenges established ideas about what it takes to create local change. In the second essay, 'New seeds beneath the snow?', Julian Dobson reports on the aspirations and achievements of Big Local areas in Merseyside, Lincoln and Telford, and places them in the context of previous experiences of community development, decline and revitalisation.

Objective 4 - Constantly challenging our own assumptions, practices and performance, to ensure we are achieving the most impact from our work; and expect Big Local areas to do the same

Research and evaluation of Big Local delivery has contributed to the development of the programme during 2017-18.

Local Trust's research team have been developing a systematic approach to assessing progress across all Big Local areas. The area assessment framework has been developed with input from staff, trustees, reps and Big Local areas. Information currently held in a disparate range of locations and systems will be analysed and stored centrally, so that it can be used to inform the evaluation and development of Big Local. An initial draft of the area assessment framework has been piloted and we will have the second iteration using all the questions by summer 2019.

Long-term research project, 'Our Bigger Story', has been capturing residents' experiences of Big Local in films, podcasts, photographs and diaries. The evaluation report 'Big Local: Beyond the Early Years' was published in July 2017, and examined progress against outcomes, how Big Local operates in the 15 areas involved in 'Our Bigger Story', the challenges facing Big Local partnerships in delivering their plans, key learning to date and emerging issues for the future of Big Local.

Linked to this, the Big Local Film Festival took place at Birmingham University and was a lively and engaging event. It celebrated the diversity of achievements in Big Local areas and shared findings from the ongoing multimedia evaluation of Big Local. There were 137 people at the festival, from 32 areas, who had the chance to watch 26 short films made by, for or with Big Local areas.

We gave all Big Local areas access to the Local Insight tool, an online platform that allows users to access open-source data specific to their area in a simple and visual way. This data includes economic, demographic, and social indicators for each Big Local area.

Objective 5 - Starting to address legacy issues, both of our Big Local areas and of the programme as a whole

Big Local started to address legacy issues in terms its support to areas, and through the distribution of a proportion of the returns on the investment.

During 2017-18, a small number of Big Local areas got near to spending out their £1m, so in September 2017, the board agreed the distribution of an additional £105k to each Big Local area, from the returns on the investment, to ensure that areas are able to plan and make the best use of the resources available to them.

As part of our work around legacy issues, the research team have completed fieldwork with five Big Local areas due to spend at least 75% of their £1m by the end of 2017-18. We are now delivering two learning clusters for areas on 'legacy'. Local Trust commissioned a report from think tank Localis exploring the trends shaping the future of communities, to support this work.

Plans for the future

Strategic plan 2018-21

Over the period of the Local Trust strategic plan for 2018-21, we will focus on the following overarching objectives:

*Supporting Big Local partnerships to achieve brilliant things in their areas
Influencing and informing policy and practice on the future of local communities.*

To support these overarching objectives, over the next three years we will be:

- Responsive and engaged – constantly working to improve the way we work to ensure we are providing Big Local partnerships with the access to the support and assistance they need to achieve their ambitions
- Outward looking and partnership focused, prioritising building new collaborations and partnerships – both nationally and locally
- Focused on the future – putting Big Local in context, and ensuring there is a Big Local legacy, both for areas and for the programme as a whole
- Proactive, questioning and challenging – of both ourselves and Big Local areas
- Influential, connected and informed - contributing to, influencing and informing wider debates on the future of communities drawing on our learning from Big Local

New opportunities on the horizon

During the next financial year 2018-19, Local Trust will be taking on new opportunities to support local communities that extend beyond Big Local:

Community Wealth Fund report

Local Trust is working with an alliance of funders and voluntary sector organisations to make the case for a community wealth fund. The report 'Strong resourceful communities: The case for a Community Wealth Fund', published in August 2018, is based on research and a range of conversations that reveal remarkable common ground on how billions of pounds from dormant assets could be released to local communities. It goes further than previous proposals in suggesting a radical and ambitious partnership between government, the private sector and civil society.

Creative Civic Change

Over the next three and a half years, Local Trust will be looking to support at least 10 communities across England who are using the arts and creativity to make positive social change in their local areas. The first phase of the programme, asking communities to express an interest in being involved, started in July 2019. The programme is a partnership between the Big Lottery Fund, the Calouste Gulbenkian Foundation, and Local Trust.

These projects will be managed under the Local Trust company alongside Big Local, which remains our primary focus.

Response to the Charity Governance Code

The revised Charity Governance Code was published in July 2017. A review of the Code has been undertaken and the Local Trust board have chosen to adopt and apply the Code. Local Trust's continued focus on good governance, during 2017-18, has addressed the seven key areas of governance outlined in the Charity Governance Code. Action already undertaken during the year includes:

1. Organisational purpose

The board is clear about the charity's aims and ensures that these are being delivered effectively and sustainably.

Trustees discuss strategy at an annual away-day, and this discussion feeds into Local Trust's three-year strategic plan, and annual business plan targets, which are then approved by trustees at their subsequent board meeting.

Trustees receive regular briefings and information on the charity's work and on progress towards annual business plan targets, and are able to demonstrate that the charity is effective in delivering its plans.

During 2017-18, Local Trust reviewed the Big Local Trust trust deed to ensure that it is fit for purpose; amendments were completed in summer 2018.

2. Leadership

Every charity is led by an effective board that provides strategic leadership in line with the charity's aims and values.

The Local Trust board has an experienced chair who provides leadership to the board; board and committee meetings are well attended and trustees actively participate.

Local Trust undertook a governance review during autumn 2017, and following a successful recruitment drive, co-opted six new trustees in March 2018, bringing a range of appropriate skills, experience and knowledge to the Local Trust board.

There are appropriate arrangements in place for the appointment, supervision, support and appraisal of the chief executive by the board (through the new nominations committee) and of staff, through the chief executive and senior management team.

3. Integrity

The board acts with integrity, adopting values and creating a culture which helps achieve the organisation's charitable purposes. The board is aware of the importance of the public's confidence and trust in charities, and trustees undertake their duties accordingly.

Local Trust's trustees agree to abide by a code of conduct when they join the board.

Local Trust has a conflict of interest policy to ensure that potential conflicts of interest are declared and managed appropriately. Trustees declare any potential conflicts of interest at the start of each board and committee meeting, and these are recorded in the minutes.

Local trust has a gift and hospitality policy which explains what is acceptable and unacceptable, and there is a register where trustees and staff must declare any hospitality or gifts received. Trustees and the senior management team also complete related party declarations on an annual basis to declare any potential conflict of interest.

The board takes legal, financial and investment advice from suitably qualified professionals as appropriate.

4. Decision making, risk and control

The board makes sure that its decision-making processes are informed, rigorous and timely and that effective delegation, control and risk assessment and management systems are set up and monitored.

There is a clear scheme of delegation for board decision-making. Decisions and actions are appropriately recorded and followed up at subsequent meetings.

As part of Local Trust's governance review, a new committee structure was established, so that committees have appropriate opportunities to scrutinise reports in detail, enabling the board to focus on strategic decision-making and risk management. The four new committees are; programme and impact, finance and investment, audit and risk, and nominations. Following the establishment of the committees, initial terms of reference explaining the responsibilities of each committee and the board of trustees in relation to their areas of responsibility were developed, which will be the subject of further review during 2018-19.

5. Board effectiveness

The board works as an effective team, using the appropriate balance of skills, experience, backgrounds and knowledge to make informed decisions.

The chair plans the board's work and meetings, with trustees and staff, making sure trustees have the information, time and space they need to explore key issues and reach well-considered decisions. The board regularly discusses the effectiveness of its meetings, and makes changes where it believes improvements can be made, for example to meeting agendas, reporting and timings.

Local Trust's governance review undertaken in 2017, included a board skills matrix and skills audit carried, which helped to identify existing strengths on the board, and identify areas needed to address. New trustees brought a balance of skills, experience, backgrounds and knowledge to the board. Trustees are given comprehensive inductions to Local Trust, to enable them to be effective board members.

6. Diversity

The board's approach to diversity supports its effectiveness, leadership and decision-making.

Local Trust is committed to ensuring that its work does not discriminate and offers equality of opportunity to all.

Local Trust's governance review undertaken in 2017, included consideration of issues of diversity, including in particular the need to ensure a diversity of skills, background and experience on the board to enable the board to effectively fulfill its role. The new board members, who joined Local Trust in January 2018, were recruited with particular focus on addressing issues raised in the governance review, including diversity.

Local Trust is committed to providing equal opportunities in employment and to avoiding unlawful discrimination. Local Trust's staff handbook includes our policy on equality and diversity in employment.

The Local Trust board plans to do further work to address diversity and equality, in line with the Charity Governance Code, during 2018-19.

7. Openness and accountability

The board leads the organisation in being transparent and accountable. The charity is open in its work, unless there is good reason for it not to be.

Local Trust aims to be transparent and accountable in its work. There is regular communication with stakeholders through the Local Trust newsletter, website and events. Key policies and procedures are published on the charity's website.

There is a clear, published process for making and handling complaints, to ensure that any complaints are handled constructively, impartially and effectively. Local Trust has engaged the services of mediators to help with the resolution of complaints that result from disputes within Big Local areas and partnerships.

The Big Local Trust deed provides for the appointment of 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. Following the resignation of the Big Local Trust protector in December 2017, an open recruitment exercise was held, with a new protector appointed in September 2018.

Financial review

During 2017-18, Local Trust's primary responsibility was to deliver Big Local using funds from the Big Local Trust.

Additionally, Local Trust continued work on the Empowered communities in the 2020s research project, which aims to 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 2017-18, 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 £5.1m for the year (2017: £5.9m). There were net losses on the investment of £1.9m (2017: £7.2m gains).

Consolidated expenditure during the year was £30.3m (2017: £37.4m). The decrease in expenditure reflects a 15% decrease in direct funding to Big Local areas to £26.8m (2017: £31.5m). The cost of delivery to areas increased marginally by 0.6% to £2.1m (2017: £2.0m). A full list of the funding to Big Local areas is included in note 6.

In Local Trust's consolidated accounts, the net decrease in funds for the year was £27.2m (2017: £21.6m). The total funds held at the year-end were £142.8m (2017: £170.0m).

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 2017-18.

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.

Investment performance

The total value of Big Local Trust's investments, including income, as at 31 March 2018 was £169.4m (2017: £188.6m). The performance benchmark of the fund is Bank of England's Official

Rate plus 1% per annum, so was +1.35% for 2016-17 (2017: +1.33%), and the overall returns for the year were +1.74% (2017: +6.96%). Investment performance for the year was in line with expectations.

Property performed particularly well with returns of +9.25% (2017: +2.47%), equity returns were +5.09% (2017: +24.14%), fixed interest returns were -0.01% (2017: +4.28%), and cash and near cash were +0.61% (2017: +0.86%). At their October 2017 meeting, trustees agreed that Big Local Trust would invest CCLA's new multi-asset Diversified Income Fund; in the final quarter of the year the return on this new fund was -2.66%.

Ethical and responsible investment

Trustees reviewed Big Local Trust's ethical and responsible investment policy in May 2018. 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 it 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) is to avoid 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 with 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 finance and investment 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, 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 (an additional £105k per area was agreed by trustees in September 2017)
- 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 Bountagu, Somers Town and Tang Hall.

Big Local Trust retains the administration contribution of 5% for Local Trust acting as the locally trusted organisation, and in 2017-18 this totalled £2.1k (2017: £5.0k).

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 2017-18, Big Local Trust made £166.8k (2017: £52.5k) available for social investment. These programme-related investments are listed under note 12 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.

At the end of the year, a review was carried out on social investment held during the year ended 31 March 2018. The asset values were not found to be materially impaired.

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.

Local Trust's constructive obligations increased from £23.2m in 2017 to £31.7m in 2018, reflecting a 36% increase in funding Local Trust has committed to make payable to local areas for approved programmes of activity.

This increase is also reflected in the grants payable figure in the statement of financial activities on page 21.

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 (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 2017-18 as it has been every year since first prepared in 2012.

During 2017-18, Local Trust continued work on the Empowered Communities in the 2020s research project, as part of the Community Development Foundation legacy work, to inform its future plans and budget. In the interim, the majority of the Community Development Foundation legacy funding, received in May 2016, remained 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 £512k at 31 March 2018 (2017: £588k). Following the completion of the EC202s project in July 2018, trustees have yet to review the future use of Local Trust's remaining funds. There has been no change to the previous policy that a reserve of £25k should be retained to cover any unexpected costs. 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 2018, 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. The 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 2018, Big Local Trust held total funds of £142.3m (2017: £169.3m). 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 Big Local Trust reserves policy annually.

Staff remuneration

Trustees consider remuneration, including the remuneration of the senior management team, annually. Local Trust used an external consultancy to carry out benchmarking research during 2015-16, and trustees used this information as part of a review of staff salaries, including the salaries of key management personnel. In June 2018, trustees agreed a cost of living increase for existing salaries after reviewing the consumer price index (CPI), retail price index (RPI) and new CPIH index for the previous twelve months and applying a median. Trustees recognise that Local Trust's approach to staff remuneration might change in future as the organisation and staff team matures and as external factors change, and plan to review the staff remuneration policy again during 2018-19.

Pensions

During 2017-18, all Local Trust staff were enrolled in our group personal pension scheme. 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.

Local Trust currently contributes the equivalent of 10% of salary for each member of staff, which is more than the minimum legal requirement under auto enrolment. Staff are encouraged to make a personal contribution, but this is not compulsory.

Principal risks

Trustees regularly review 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. Local Trust's risk register is reviewed and updated by senior managers and trustees during the year.

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

Risk	Potential impact	Mitigation or control
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; new programme committee established to increase strategic oversight
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; longer-term contingency planning
Funds not managed effectively by a significant number of 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, including credit checks; 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; as the programme moves towards spend out, reduced investment in risk assets
Loss of data, extortion or fraud due to cyber crime	Reputational damage; regulatory censure; impact on administration of charity	Cyber Essentials certification; 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

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

During 2017-18, a governance review was undertaken, which resulted in changes to the committee structure and a review of the scheme of delegation, and a renewed focus on the strategic role of the board. Five trustees resigned; six new trustees were recruited and co-opted to the board in March 2018.

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

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

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. Following the governance review, four new committees were established covering: programme, finance and investment, audit and risk, and nominations.

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 Big Local Trust.

Trust deed

During 2017-18, we consulted with our founder, Big Lottery Fund, and the Charity Commission in relation to the drafting of the Big Local Trust deed, to ensure that there were no barriers to delivery of our ambitions for Big Local, and in particular the sharing of learning arising from the programme. During the 2018-19 financial year, we sought to amend a number of technical issues within the trust deed, with the agreement of our founder, and in accordance with the amendment powers within the deed. Changes to the trust deed were completed in summer 2018.

The protector

The Big Local Trust deed provides for the appointment of 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. Following the resignation of the Big Local Trust protector in December 2017, an open recruitment exercise was held, with a new protector appointed in September 2018.

In accordance with best practice, Local Trust submitted a report to the Charity Commission to advise them of the outgoing protector's resignation.

Statement of trustees' responsibilities

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

Focus of activities

The trustees have given due consideration to Charity Commission guidance on the operation of the public benefit requirement and is satisfied that the work of Big Local Trust meets that requirement. Big Local Trust's work in the year to 31 March 2018 focused on supporting the 150 Big Local areas to identify their priorities and to develop and deliver plans to address these priorities.

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

On 25 June 2018 Crowe Clark Whitehill LLP changed its name to Crowe U.K. LLP. A resolution to appoint Crowe U.K. LLP was proposed and agreed at the last annual general meeting.

Approved by the corporate trustee on 15 November 2018 and signed on their behalf by:

Signed J.K. Sugrue Date 15/11/2018
John Kevin Sugrue
Chair

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

Opinion

We have audited the financial statements of Local Trust for the year ended 31 March 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2018 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' 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 the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the [strategic report or the] directors' report included within the trustees' report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement [set out on page 18], the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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



Andrew Thomas
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 6 December 2018

Consolidated statement of financial activities

(incorporating an income and expenditure account) for the year ended 31 March 2018

	<u>Notes</u>	Group 2018 £000	Group 2017 £000
Income from:			
Investment income	2	5,081	5,867
Community Development Foundation grants	3	-	10
Joseph Rowntree Foundation grant	3	-	15
Other income		-	16
Total income		5,081	5,908
Expenditure on:			
Raising funds		381	409
investment management charges			
Charitable activities:			
grants payable	5	26,805	31,517
delivery to areas		2,169	2,032
learning to support the programme		958	714
Total expenditure	4	30,313	34,672
Net operating expenditure	7	(25,232)	(28,764)
Net gains/(losses) on investments		(1,940)	7,174
Net income/ (expenditure)		(27,172)	(21,590)
Reconciliation of funds:			
Total funds brought forward at 1 April 2017		169,986	191,576
Total funds carried forward at 31 March 2018	17	142,814	169,986

All gains and losses recognised are included in the statement of financial activities.
 All funds presented in the statement of financial activities are restricted.
 The accompanying notes, on pages 25 to 42, form part of these financial statements.

Consolidated and company balance sheets
as at 31 March 2018

Company number: 07833396

		2018 Group £000	2018 Local Trust £000	2017 Group £000	2017 Local Trust £000
	<u>Notes</u>				
Fixed assets					
Tangible assets	8	24	-	2	-
Intangible assets	9	50	3	51	5
Investments	10 & 11	169,416	-	188,589	-
Social investments	12	142	-	87	-
		169,632	3	188,729	5
Current assets					
Debtors	13	1,988	-	2,198	-
Investments		1,679	506	1,718	548
Cash at bank and in hand		1,598	4	982	49
Total current assets		5,265	510	4,898	597
Liabilities					
Creditors: amounts falling due within one year	14	(23,046)	(1)	(17,084)	(14)
Net current assets		(17,781)	509	(12,186)	583
Creditors: amounts falling due after one year	16	(9,037)	-	(6,557)	-
Net assets	4 & 19	142,814	512	169,986	588
Funds					
Restricted funds		142,814	512	169,986	588
Total funds		142,814	512	169,986	588

The accompanying notes, on pages 25 to 42, form part of these financial statements.

Local Trust generated a deficit of £76k (2017: £5k) before consolidation within the group financial statements.

Approved by the trustees, authorised for issue on 15 November 2018 and signed on behalf of the board of trustees:

Signed J. K. Sugrue Date 15/11/2018

John Kevin Sugrue
Chair

Consolidated statement of cashflows
for the year ended 31 March 2018

	2018	2017
	£000	£000
Cash (outflow)/inflow from operating activities:		
Net operating expenditure	(25,232)	(28,764)
Investment income received	(5,170)	(5,924)
Depreciation/amortisation of fixed assets	42	54
Decrease/(Increase) in debtors	210	737
Increase in creditors	8,442	12,966
Investment management fees	(381)	409
Net cash (used in) operating activities	(22,089)	(20,522)
Cash flows from investing activities:		
Investment income received	5,170	5,924
Investment management fees	381	(409)
Payments to acquire tangible fixed assets	(63)	-
Payments to acquire intangible fixed assets	-	(27)
Payments to acquire social investments	(80)	(52)
Receipts from sale of social investments	25	-
Net payments to acquire fixed asset investments	(4,767)	(5,482)
Receipts from the sale of fixed asset investments	22,000	21,000
Net cash required by investing activities	22,666	20,954
Change in cash and cash equivalents in the year	577	432
Change in cash and cash equivalents in the year	577	432
Cash and cash equivalents at 1 April 2017	2,700	2,268
Cash and cash equivalents at 31 March 2018	3,277	2,700

	2018	2017
	£000	£000
Analysis of cash and cash equivalents:		
Cash in hand	1,598	982
Notice deposits	1,679	1,718
	3,277	2,700

Notes to the accounts

for the year ended 31 March 2018

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) Income

Income 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) Expenditure

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

Expenditure is 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 2018 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

	2018	2017
	£000	£000
Interest on cash & cash instruments	193	225
Interest on bonds	3,151	3,427
Dividends from real assets	1,659	2,132
Bank interest	57	83
Tax refunds	21	-
Total	5,081	5,867

3. Grant income

	2018	2017
	£000	£000
Legacy funding from Community Development Foundation	-	10
Joseph Rowntree Foundation grant	-	15
Total	-	25

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.

4. Expenditure

Description	Charitable activities						2017 Group Total £000	2018 Group Total £000	2017 Group Total £000	2018 Group Total £000
	Grant expenditure directly to areas £000	Delivery to areas £000	Learning to support the programme £000	Expenditure on raising funds £000	Governance £000	Support £000				
Staff	-	369	346	-	-	288	1,003	-	811	
Grants to Big Local areas										
Big Local plan funding	24,055	-	-	-	-	-	24,055	-	28,891	
Community travel and childcare	67	-	-	-	-	-	67	-	40	
Area admin contribution	1,166	-	-	-	-	-	1,166	-	1,442	
Grant funding for Star People	278	-	-	-	-	-	278	-	772	
Grant Funding for Enterprising Communities	950	-	-	-	-	-	950	-	-	
Area delivery costs	-	1,521	-	-	-	-	1,521	-	1,540	
Programme development	-	-	111	-	-	-	111	-	198	
Finance charges	-	-	-	381	-	-	381	-	409	
Governance costs	-	-	-	-	76	-	76	-	27	
Audit	-	-	-	-	24	-	24	-	38	
Professional fees	-	-	-	-	100	-	100	-	39	
Communications and marketing	-	-	-	-	-	150	150	-	56	
IT and Consultancy	-	-	-	-	-	163	163	-	260	
Rent and office costs	-	-	-	-	-	226	226	-	95	
Depreciation	-	-	-	-	-	42	42	-	54	
Total costs	26,516	1,890	457	381	200	869	30,313	30,313	34,672	
Allocated to charitable activities										
Support Costs	210	203	360	-	96	(869)	-	-	-	
Governance costs (note 7)	79	76	141	-	(296)	-	-	-	-	
Total costs	289	279	501	-	(200)	(869)	-	-	-	
Total expenditure 2018	26,805	2,169	958	381	-	-	30,313	-	-	
Total expenditure 2017	31,517	2,032	714	409	-	-	-	-	34,672	

5. Grants payable

Big Local area	Locally trusted organisation	New grants £000	Repayment of unspent grants £000	Closed grants £000	2018 Total £000
Aberfeldy	Poplar Harca	220	-	-	220
Arches Local (Central Chatham, Luton Arches)	Red Zebra Community Solutions	236	(88)	(111)	37
	Medway Plus	-	(7)	-	(7)
Barnfield	Plumcroft Primary School	264	-	-	264
	Greenwich Co-operative Development Agency	-	(1)	-	(1)
Barrow Island	Barrow Borough Council	540	(1)	-	539
Barrowcliff	Groundwork North Yorkshire	20	-	-	20
	UnLtd	50	-	-	50
Beechwood, Ballantyne and Bidston Village	Community Action Wirral	80	-	-	80
Birchfield	UnLtd	50	-	-	50
Birchwood	Lincolnshire Co-operative Limited	902	-	(105)	797
Blackpool Revue	Blackpool, Wyre and Fylde CVS	-	(8)	(53)	(61)
	Blackpool FC Community Trust	293	-	-	293
Bountagu (Bounces-Montagu)	Local Trust	10	-	-	10
	UnLtd	50	-	-	50
Bourne Estate	Bournemouth Churches Housing Association	353	(29)	-	324
Brereton	Support Staffordshire	337	(106)	(56)	175
Cars Area, Smith's Wood, Solihull	Colebridge Trust	231	(13)	-	218
Catton Grove	Voluntary Norfolk	376	(17)	-	359
CELL - Lynemouth, Cresswell, Ellington and Linton	YMCA Northumberland	519	-	-	519
Central Boston	Age UK Boston and South Holland	248	-	-	248
Central Jarrow	Groundwork South Tyneside and Newcastle	307	(32)	-	275
	UnLtd	50	-	-	50
Chinbrook Estate	Lewisham Disability Coalition	341	(23)	-	318
Church Hill	Charles Lovell and Co Limited	209	(40)	(87)	82
Clapham Junction, West Battersea (Big Local SW11)	Providence House	127	(10)	(62)	55
Collyhurst	UnLtd	50	-	-	50
Dartford	Healthy Living Centre Dartford	161	-	-	161
	Red Zebra Solutions	214	-	-	214
Dewsbury Moor	Dewsbury Moor Rugby League Club	49	(1)	(41)	7
Distington	Distington Big Local Ltd	356	(10)	-	346
Dover Big Local	Red Zebra Community Solutions	201	(18)	-	183
	UnLtd	50	-	-	50
Dyke House	Wharton Trust	531	-	-	531

Local Trust annual report and financial statements 1 April 2017 - 31 March 2018

Big Local area	Locally trusted organisation	New grants £000	Repayment of unspent grants £000	Closed grants £000	2018 Total £000
East Cleveland Villages	Tees Valley Rural Community Council	701	(37)	-	664
Elmton, Creswell and Hodthorpe	Community Voluntary Partners	-	(3)	(103)	(106)
	Bassetlaw Community Voluntary Service	245	-	-	245
Farley Hill	Age Concern Luton	523	(76)	(62)	385
Fratton	Community Action Hampshire	110	-	-	110
Gateshead	St Chad's Community Project	-	(38)	-	(38)
Goldthorpe with Bolton-on-Dearne	Barnsley Community Build	434	(104)	(120)	210
Grange	Community Barnet	495	(63)	(77)	355
Grassland and Hasmoor	Links, Chesterfield and NE Derbyshire VSA	-	(4)	-	(4)
	North Eastern Derbyshire Developments Ltd	456	(10)	(160)	286
Greatfield	Probe (Hull) Ltd	427	-	-	427
	UnLtd	50	-	-	50
Growing Together (Northampton East)	Growing Together (Northampton)	184	-	-	184
Hackney Wick	Hackney CVS	488	(8)	(53)	427
Hanwell, Copley Close	E.A.S.E (Empowering Action and Social Esteem) Ltd	284	(29)	(84)	171
Harefield, Midanbury and Townhill Park (Big local SO18)	Southampton Voluntary Services	2	-	-	2
Hawksworth Wood Estate, the Abbeydales and the Vespers (HAVA)	Cardigan Centre	642	(48)	(61)	533
Heart of Pitsea	Basildon, Billericay and Wickford CVS	455	(17)	-	438
Heston West	Groundwork South	164	(8)	-	156
	Berkeley Academy	82	-	-	82
Hill Top and Caldwell	Warwickshire Community and Voluntary Action	296	(10)	(110)	176
Inner East Preston	Emmaus Preston	10	-	-	10
Keighley Valley	Airedale Enterprise Services	489	-	-	489
	UnLtd	50	-	-	50
Kingswood and Hazel Leys	Groundwork Northamptonshire	510	(61)	(65)	384
Kirkholt	CVS Rochdale	358	(26)	(300)	32
	The Big Life Company	157	-	-	157
Langold, Costhorpe and Carlton	Rural Community Action Nottinghamshire	-	(27)	(107)	(134)
	Hodsock Parish Council	689	-	-	689
Leigh West	Leigh Neighbours Partnership Board	107	(181)	-	(74)
Little Hulton	Salford CVS	568	(56)	(23)	489
	UnLtd	50	-	-	50
Littlemoor	Groundwork South	246	-	(45)	201
London Road area of Broad Green	Croydon Voluntary Action	-	(54)	-	(54)
	Asian Resource Centre	125	-	-	125

Big Local area	Locally trusted organisation	New grants £000	Repayment of unspent grants £000	Closed grants £000	2018 Total £000
Mablethorpe, Trusthorpe and Sutton on Sea (Coastal Communities Challenge)	Lincolnshire Community Foundation	274	(12)	(54)	208
Marsh and Micklefield	Buckinghamshire Community Foundation	467	(1)	-	466
Mottingham	Community Links Bromley	579	(2)	-	577
Newington, Ramsgate	Red Zebra Community Solutions	193	(22)	-	171
Noel Park Estate	Crest Waltham Forest	30	-	-	30
North Brixton	London Community Foundation	-	(5)	-	(5)
North Cleethorpes	Voluntary Action North East Lincolnshire	395	(55)	(57)	283
North East Hastings	Orbit Housing Association	-	(1)	-	(1)
	Hastings Voluntary Action	496	-	-	496
North Meets South	London Community Foundation	-	(74)	(479)	(553)
	Crest Waltham Forest	444	-	-	444
	London Borough of Barking and Dagenham	142	-	-	142
Northfleet North	North West Kent CVS	175	(26)	-	149
Palfrey	UnLtd	50	-	-	50
Par Bay	Eden Project Campaigns Ltd	168	(210)	-	(42)
	UnLtd	50	-	-	50
Peabody Avenue and Churchill Gardens Estate (Big Local SW1)	Thamesbank Centre	173	(15)	-	158
Podsmead	GL Communities	30	-	-	30
	Gloucester Credit Union	150	-	-	150
Prospect Estate	Rushmoor Borough Council	-	(39)	-	(39)
Ramsey	Cambridgeshire ACRE	-	(1)	-	(1)
Rastrick	Community Foundation for Calderdale	107	(20)	(54)	33
Ravensthorpe and Westwood	Cross Keys Homes	181	(32)	-	149
Riverside Community	UnLtd	50	-	-	50
Sale West	Irwell Valley Housing Association	382	-	-	382
	UnLtd	50	-	-	50
Scotlands and Bushbury Hill	Bushbury Hill Estate Management Board	191	-	-	191
Selby Town	Selby District Association of Voluntary Service	353	(11)	(121)	221
Slade Green	Howbury Friends	360	(5)	(49)	306
Somers Town	Local Trust	-	-	(108)	(108)
	Voluntary Action Camden	90	-	-	90
South Bermondsey	United St Saviour's Charity	140	(5)	-	135
	UnLtd	50	-	-	50
St James Street area	UnLtd	50	-	-	50
St Matthews Estate	Voluntary Action LeicesterShire	-	-	(3)	(3)
	St Matthews Big Local	533	(68)	-	465
St Peter's and the Moors	Cheltenham Borough Council	344	(4)	(76)	264
	UnLtd	50	-	-	50

Local Trust annual report and financial statements 1 April 2017 - 31 March 2018

Big Local area	Locally trusted organisation	New grants £000	Repayment of unspent grants £000	Closed grants £000	2018 Total £000
Stoke North	YMCA North Staffordshire	210	-	-	210
	Staffordshire Housing Association	-	(175)	(92)	(267)
	6Towns Credit Union Ltd	-	(5)	(20)	(25)
Tang Hall	UnLtd	50	-	-	50
	Local Trust	2	-	(1)	1
	Tang Hall CIO	591	-	-	591
Tonge with the Haulgh	Bolton at Home	813	-	-	813
Toothill	Swindon Borough Council	140	(13)	-	127
Wargrave	Helena Partnership Ltd	225	-	-	225
Warsop Parish	Mansfield CVS	31	-	-	31
Warwick Ahead	Nova Wakefield District	58	(11)	-	47
	Leeds City Credit Union	-	-	(3)	(3)
Wecock Farm	Community Action Hampshire	-	(37)	-	(37)
	Havant Borough Council	385	-	-	385
Welsh House Farm	Haven Community Project	277	(53)	-	224
West End, Morecambe	More Music	31	(44)	-	(13)
	Lancaster Community Voluntary Services	10	-	-	10
Westfield Estate	Beighton Village Development Trust	194	(1)	(20)	173
Whitleigh	UnLtd	50	-	-	50
Whitley	Berkshire Community Foundation	192	(26)	(37)	129
William Morris	Crest Waltham Forest	733	-	-	733
	UnLtd	50	-	-	50
Windmill Hill	Groundwork Cheshire, Lancashire, Merseyside	137	(21)	-	116
Winterton	Voluntary Action North Lincolnshire	480	-	-	480
Withernsea	The Shore Centre	540	(22)	(141)	377
Woodlands Speaks	Woodlands Speaks CIO	597	-	(98)	499
Woolavington and Puriton Villages Together	SHAL Housing Ltd	227	(70)	(133)	24
World's End Estate and Lots Road Area	St Mary Abbots Rehabilitation and Training (SMART)	142	(27)	-	115
Wormholt and White City	White City Enterprise	129	-	-	129
	Subtotal of grants to local areas	29,863	(2,377)	(3,431)	24,055
	Other grants				
	Residents' travel and childcare				67
	Area admin contributions				1,166
	Grant to UnLtd for Star People				278
	Grant to UnLtd for Enterprise & Communities				950
	Support and governance costs				289
	Total grants payable				26,805

In January 2018, CVS Rochdale, the locally trusted organisation for Kirkholt Million Big Local, informed us that it was in financial difficulties and was going into administration. At the time, it was holding approximately £43k of Big Local funding. Big Local Trust is an unsecured creditor for the funding and the administration process is still ongoing.

6. Governance Costs

Total governance costs of £296k (2017: £203k) consist of direct governance costs of £200k and indirect costs of £96k. 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:

	2018	2017
	£000	£000
Depreciation and amortisation	42	54
Auditor's remuneration (including VAT):		
-audit (2018)	18	-
-audit (2017)	6	17
-audit (2016)	-	17
-non-audit	-	4
Investment manager's fees	381	409
Legal and professional fees	100	39
Operating lease charges	46	38
Licence fees	69	-

Big Local Trust audit fees for 2018 are estimated at £18k. There were no non-audit fees during 2018.

8. Group and company tangible fixed assets

			2018	2017
	Office refurbishment	IT equipment	Total	Total
Cost	£000	£000	£000	£000
Balance brought forward	44	131	175	175
Additions	16	15	31	-
Disposals	(44)	(15)	(59)	-
Balance carried forward	16	131	147	175
Depreciation				
Balance brought forward	44	129	173	158
Disposals	(44)	(15)	(59)	-
Charge for year	4	5	9	15
Balance carried forward	4	119	123	173
Net book value				
Brought forward	-	2	2	17
Carried forward	12	12	24	2

9. Group and company intangible fixed assets

	2018	2017
	Total	Total
Cost	£000	£000
Balance brought forward	154	127
Additions	32	27
Balance carried forward	186	154
Amortisation		
Balance brought forward	103	64
Charge for year	33	39
Balance carried forward	136	103
Net book value		
Brought forward	51	63
Carried forward	50	51

Intangible fixed assets include the development of Big Local Trust's grant management system, website and area assessment tool; included in these amounts is £3k relating to Local Trust.

10. Group and company investments

	2018 £000	2017 £000
Market value brought forward	188,589	196,933
Transfer from cash held on deposit	-	-
Investment additions	4,767	5,482
Drawdown on investments	(22,000)	(21,000)
Net (loss)/gains on investment	(1,940)	7,174
Cash held on deposit	-	-
Total investments	169,416	188,589

11. Investments by type and location of fund

	2018 UK £000	2018 Overseas £000	2018 Total £000	2017 UK £000	2017 Overseas £000	2017 Total £000
Equity	7,587	26,365	33,952	11,563	28,757	40,320
Fixed interest	80,340	-	80,340	80,999	-	80,999
Property	14,929	-	14,929	14,830	-	14,830
Cash	38,254	-	38,254	52,440	-	52,440
Multi asset fund	1,941	-	1,941	-	-	-
Total	143,051	26,365	169,416	159,832	28,757	188,589

The total book cost of investments held at 31 March 2018 was £162,881k (2017: £176,598k).

12. Social investment assets

Big Local area	Credit union	Opening balance £000	Dividends £000	Repayments £000	Funds at 31 March 2018 £000
2015-16					
East Coseley	Castle and Crystal Credit Union	15	-	-	15
North West Ipswich	Eastern Savings and Loans Credit Union	20	-	-	20
Subtotal		35	-	-	35
2016-17					
Rudheath and Witton	Key Fund loan	4	-	(1)	3
Goldthorpe with Bolton on Dearne	South Yorkshire Credit Union	20	-	-	20
St Oswald and Netherton	Knowsley Mutual Credit Union	13	-	-	13
Grace Mary to Lion Farm	6Towns Credit Union	15	-	(15)	-
Subtotal		52	-	(16)	36

Big Local area	Credit union	Opening balance	Dividends	Repayments	Funds at 31 March 2018
		£000	£000	£000	£000
2017-18 – new investments					
Three Parishes (for Oswestry Station Trust)	Key Fund loan	80	-	(9)	71
Subtotal		80	-	(9)	71
Cumulative totals		167	-	(25)	142

13. Debtors

	2018 Group	2018 Local Trust	2017 Group	2017 Local Trust
	£000	£000	£000	£000
Trade Debtors	677	-	841	-
Prepayments	92	-	49	-
Accrued income	1,219	-	1,308	-
Total	1,988	-	2,198	-

14. Creditors: amounts falling due within one year

	2018 Group	2018 Local Trust	2017 Group	2017 Local Trust
	£000	£000	£000	£000
Trade creditors	260	-	270	1
Amounts due to Big Local Trust	-	1	-	13
Grant commitments	22,648	-	16,661	-
Social security and other taxation	22	-	18	-
Accruals	106	-	127	-
Pension payments due	10	-	8	-
Total	23,046	1	17,084	14

15. Creditors: amounts falling due after one year

	2018 Group	2018 Local Trust	2017 Group	2017 Local Trust
	£000	£000	£000	£000
Grant commitments	9,037	-	6,557	-
Total	9,037	-	6,557	-

16. Grant commitments

	2018	2017
	£000	£000
Grant commitments b/fwd	23,218	10,126
New commitments in the year	29,863	34,033
Commitments settled in the year	(15,588)	(15,799)
Commitments reversed in the year	(5,808)	(5,142)
Grant commitments c/fwd	31,685	23,218

17. Movement in funds

Local Trust	Balance at 31 March 2017	Income	Expenditure	Gains/ losses	Balance at 31 March 2018
	£000	£000	£000	£000	£000
Restricted funds (designated)					
Big Local - Big Lottery Fund	126,979	-	(29,854)	-	97,125
Big Local - investment income	42,394	5,079	(381)	(1,940)	45,152
Big Local - other income	25	-	-	-	25
CDF legacy fund	548	2	(50)	-	500
Empowered Communities 2020					
- Joseph Rowntree Foundation	5	-	(10)	-	(5)
- Community Development Foundation (CDF)	25	-	(18)	-	7
Community Investment Coalition project (CDF)	10	-	-	-	10
Total restricted funds (designated)	169,986	5,081	(30,313)	(1,940)	142,814

Restricted funds

In Local Trust's consolidated accounts, the net decrease in funds for the year was £27.2m (2017: £21.6m). Total funds held at the year-end were £142.8m (2017: £170.0m).

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 £29.9m 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 2016, was received in May 2016. Within the remaining funds provided by CDF, £50k was ring-fenced to cover legal costs with the closure of the charity; Local Trust paid the final legal costs invoice of £8k in July 2017.

Funds for Local Trust's Empowered Communities 2020 project include income from CDF and the Joseph Rowntree Foundation. Local Trust received £nil (2017: £15k) 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

Local Trust	Restricted funds Mar-18 £000	Restricted funds Mar-17 £000
Fund balances as at 31 March 2018 are represented by:		
Tangible assets	24	2
Intangible assets	50	51
Investments	169,416	188,589
Social investments	142	87
Current assets	5,265	4,898
Current liabilities	(23,046)	(17,084)
Long-term liabilities	(9,037)	(6,557)
Net assets	142,814	169,986

19. Operating leases

	2018 £000	2017 £000
Land and buildings, due in less than 1 year	54	54
Land and buildings, due in 2 to 5 years	-	-
Land and buildings, due after 5 years	-	-

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

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

	2018 £000	2017 £000
Wages and salaries	744	565
Social security and other taxes	72	57
Pension	80	59
Total	896	681

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 19.6 (2017: 13.5).

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.

Two employees were remunerated over £60k in the year (2017: one employee).

Chief executive salaries	Annual salary £000	Total pay before tax £000	Total employer's National Insurance £000	Total employer's pension £000	Total cost £000
2018					
Matt Leach	92	88	11	14	113
Rachel Rowney	72	69	8	10	87
		157	19	24	200
2017					
Matt Leach (from 2 January 2017)	90	22	3	3	28
Debbie Ladds (to 31 August 2016)	90	35	4	6	45
		57	7	9	73

As at 31 March 2018, the highest full time gross salary was £92k, the median was £37k (ratio 2.5 to 1 between highest and median) and the lowest was £19k (ratio 4.8 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 1,600 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 (72%) who give of their own time to help lead Big Local in their area.

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 £80k (2017: £59k) for 28 employees (2017:15). Employee contributions by way of the salary exchange scheme during the year were £31k (2017: 23k). As at 31 March 2018, Big Local Trust owed £10k (2016: £8k) to the scheme relating to March pension payments: the amount due was settled on time during April 2018.

23. Trustees' remuneration, benefits and expenses

Trustees received no remuneration. Six trustees received reimbursements for travel costs during the period including travel related to trustee recruitment totalling £6k (2017: £5k). Trustee training and governance review expenses during the period were £18k (2017: £3k). Trustee recruitment costs during the period were £40k (2017: £nil).

24. Big Local Trust protector

Protector fees and expenses of £11k were payable during the period (2017: £19k).

25. Related party transactions

During the period April 2017 to March 2018, Local Trust paid Big Local Trust £21k for staff time and expenses spent on Local Trust activities (2017: £24k), but initially paid for through Big Local Trust. Big Local Trust had an outstanding debtor balance with Local Trust of £1k as at 31 March 2018 (2017: £12k).

Andrew Robinson was trustee of Local Trust (to 8 February 2018) and a director at CCLA. CCLA manage the Big Local Trust investment portfolio. Big Local Trust paid CCLA £381k in investment management charges during the year (2017: £409k). At 31 March 2018, Big Local Trust owed CCLA a balance of £89k (2017: £104k).

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 £58k (2017: £66k) for delivery of learning and networking events during the period. At 31 March 2018, Big Local Trust owed the National Association for Neighbourhood Management a balance of £19k (2017: £17k).

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:

	2018	2017
	£000	£000
Financial assets measured at amortised cost (a)	5,173	4,849
Financial assets measured at fair value (b)	169,558	188,676
Financial liabilities measured at amortised cost (c)	32,061	23,623

- (a) Financial assets measured at amortised cost include all debtors (excluding prepayments), cash in hand, and notice deposits.
- (b) Financial assets measured at fair value include all fixed asset investments (including social investments).
- (c) Financial liabilities measured at amortised cost include all liabilities excluding amounts due for tax and social security.
- (d) Interest recognised in the statement of financial activities on assets held at amortised cost during 2018 was £57k (2017: £83k). Dividends and interest recognised in the statement of financial activities on assets held at fair value was £5.0m (2017: £5.8m).

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.

Trustees

The trustees of Local Trust are:

Alice Casey (to 14 June 2018)

Daniel Goodwin (to 14 December 2017)

Kathryn Kane OBE (to 29 January 2018)

Sahil Khan (from 22 March 2018)

Benjamin Lee

Jeannette Lichner (from 22 March 2018)

Peter Mills

Nicola Pollock (from 22 March 2018)

Karen Riches (to 19 February 2018)

Andrew Robinson MBE (to 8 February 2018)

Penelope Shepherd MBE

John Kevin Sugrue (chair)

Jonathan Taylor (to 22 March 2018)

Bob Thust (from 22 March 2018)

David Warner (from 22 March 2018)

Dr John Whitton

Rich Wilson (from 22 March 2018)

Investment sub-committee (to 22 March 2018)

Benjamin Lee

Serena Loudon (co-optee)

Peter Mills

Penelope Shepherd MBE (chair)

John Kevin Sugrue (ex-officio member)

Chris Wigley (co-optee)

Finance and audit sub-committee (to 22 March 2018)

Daniel Goodwin (to 14 December 2017)

Kathryn Kane OBE (to 29 January 2018)

Andrew Robinson MBE (to 8 February 2018)

John Kevin Sugrue (ex-officio member)

Jonathan Taylor (chair)

Programme committee (from 6 March 2018)

Peter Mills
Alice Casey (to 14 June 2018)
Benjamin Lee
Sahil Khan (from 22 March 2018)
John Whitton
John Kevin Sugrue (ex officio member)

Finance and investment committee (from 22 March 2018)

Benjamin Lee
Serena Loudon (co-optee on investments)
Nicola Pollock (chair)
Penelope Shepherd MBE
John Kevin Sugrue (ex officio member)
Richard Wilson

Audit and risk committee (from 22 March 2018)

Jeannette Lichner (chair)
John Kevin Sugrue (ex officio member)
Bob Thust
David Warner

Nominations committee members (from 22 March 2018)

Jeannette Lichner
Peter Mills
John Kevin Sugrue (ex officio member)
David Warner (chair)

Chief executive of Local Trust

Matt Leach

Protector of Big Local Trust

Peter Thurston (to 12 December 2017)

Advisors

Auditor

Crowe U.K. 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

HSBC Bank Plc
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

W: 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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