

**Local Trust board meeting minutes, decisions and actions**

15 June 2017 at 2pm

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

Discussion and decision	Action
<p><b>Present</b></p> <p><b>Trustees</b></p> <p>Kevin Sugrue (chair), Penny Shepherd, Jonathan Taylor, Ben Lee, Peter Mills, Andrew Robinson, Kathy Kane, Alice Casey, John Whitton, Daniel Goodwin (arrived at 3.25pm).</p> <p><b>Non-trustees</b></p> <p>Matt Leach, Nicola Hutcheson, Jayne Humm, Rachel Rowney, Jessica Wenban-Smith and Wendy Joynes (minutes) (Local Trust).</p> <p>Peter Thurston, protector.</p>	
<p><b>1. Apologies for absence</b></p> <p>Apologies were received from Karen Riches.</p>	
<p><b>2. Minutes of the previous meeting and matters arising</b></p> <p><b>2.1 Minutes of previous meeting</b></p> <p>Andrew Robinson should be added to the list of attendees, and John Whitton should be removed from the list of attendees.</p> <p>The minutes were, with the amendments above, <b>accepted</b> as an accurate record of the meeting held on 23 March 2017.</p> <p><b>2.2 Matters arising</b></p> <p>There were no matters arising not covered by the agenda.</p>	<p>To amend minutes of previous meeting as discussed</p>

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<p><b>3. Declarations of interest</b></p> <p>Ben Lee: director, NANM (delivery partner, Big Local)</p> <p>Peter Mills, owner, Brand Ethos (commissioned by UnLtd, delivery partners for Big Local)</p> <p>Andrew Robinson: director, CCLA (investment manager, Big Local Trust and Local Trust) and trustee of Community Development Foundation</p>	
<p><b>4. Chief executive's report</b></p> <p>The following questions were raised and information provided:</p> <ul style="list-style-type: none"> <li>• Spring events - trustees were informed that the spring events had been the biggest held so far and had received excellent feedback</li> <li>• New support offer for areas – there are now several pilot partnerships in place to broaden the support available to Big Local areas; some of these support organisations have been invited to visit several Big Local areas separately to explore different options on support to the Big Local programme and what this might mean in the context of a rapidly changing external environment. There should be some feedback on this available to share with trustees at the December 2017 or March 2018 meeting.</li> <li>• Conflict management – there are now two contracts in place to provide resolution support to areas in conflict. Trustees felt that this was a good addition, but hoped that this would not mean that Local Trust missed out on learning about areas facing problems. Matt reassured trustees that the new arrangement was only part of a wider approach to working with areas, and the new contracts would ensure that Local Trust continued to have access to information on what was going on. A more detailed presentation on Local Trust's developing approach to dealing with problem areas (of which interpersonal conflict was just one element) would be brought to Board in the autumn.</li> <li>• A question was raised, on the legacy item, about how we might keep areas that have spent their £1m as part of the Big Local family and programme; clearly this might be difficult with no additional money on the table. Trustees were informed that a research project had been commissioned, exploring what areas approaching spend-out are thinking and doing about the legacy of Big Local and what might happen after their funding ends. The outcome of this research would be brought to board in the new year.</li> <li>• Helping Big Local areas tell their stories – Local Trust is continuing its pilot work with photographic artist/journalist Tim Wainwright to explore a very different approach to capturing the personal experiences and life stories of people involved in Barnfield Big Local. An initial viewing of this is being held at the Big Local funded community hub in Barnfield on 11 July.</li> <li>• A sustained effort was being made at all levels in the organisation to get out to local areas on visits to strengthen relationships and build learning.</li> </ul>	

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<p>Since the last board meeting in March, 20 visits have been made by various staff and Board members. With Spring Events out of the way, visit numbers were likely to increase further. If any trustees would like to visit a Big Local area they should let Wendy know.</p> <p>There were no further questions or comments and the report was <b>noted</b> by the board.</p>	<p>Trustees to let Wendy know if they want to visit a Big Local area</p>
<p><b>5. Finance items</b></p> <p><b>5.1 Finance/business performance/risk report</b></p> <p><u>Big Local finance report</u></p> <p>Nicola highlighted the following</p> <ul style="list-style-type: none"> <li>• There were no big surprises and trends highlighted during the year continued in the last quarter.</li> <li>• £34.3m was spent between 1 April 2016 and 31 March 2017, against the re-forecasted budget of £31.4m. The difference continues to be due to increases in funding to areas both in funds paid and an increase in constructive obligations of £13m during 2016-17.</li> <li>• Kamille Jennings, the new finance manager, is starting on Monday 3 July 2017.</li> </ul> <p>The following questions were raised and information provided:</p> <ul style="list-style-type: none"> <li>• It was felt that the cashflow projection had proved itself again to be very accurate.</li> <li>• In answer to a question about the increase in expenditure by Big Local areas, trustees were informed that many more areas now have multi-year grant agreements and that they have generally got better at budgeting so are more likely to spend what they ask for.</li> </ul> <p>The report included a recommendation to Board that a cost of living increase of 2.7% should be made to staff salaries, which trustees would need to agree.</p> <p><u>Local Trust finance report</u></p> <p>In answer to a question about the cost of the legal bill for the CDF closure, Nicola responded that Local Trust has not yet received the CDF lawyer's invoice, but that £50k had been ring-fenced from the CDF legacy funding to cover any costs associated with the closure.</p> <p><u>Revised risk register and risk management statement</u></p> <p>Nicola introduced the new risk register and advised trustees that it has been designed to be a simple, usable tool and that it concentrates on risks rather than opportunities. She also added that when the new finance manager joins the team, she will take responsibility for keeping the risk register up-to-date. She also informed trustees that there was a legal requirement for the charity to have a risk management statement, and one had been drafted and was included in the paper.</p> <p>The following questions were then raised and information provided:</p> <ul style="list-style-type: none"> <li>• In answer to a question about the investment sub-committee reviewing</li> </ul>	

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<p>investment-related risks register in the past, trustees were informed although relevant staff members would review risks, this did not mean that they would not also be on the agenda of the relevant sub-committee. The new risk register is a first attempt at the new style and if trustees had any suggestions of what they wanted to see, staff are happy to take them on board.</p> <ul style="list-style-type: none"> <li>Once the strategic plan is agreed, then the strategic risks in the register will be reviewed to ensure that they reflect the plan.</li> </ul> <p><b>5.2 Reserves policy for Local Trust and Big Local Trust</b></p> <p>Nicola introduced the report, which included draft reserves policies for Local Trust and Big Local Trust, and the following questions were raised and information provided:</p> <ul style="list-style-type: none"> <li>Trustees questioned why Local Trust needed a reserves policy and how the figure of £25k had been arrived at, and were advised that it is a legal requirement for all charities to have a reserves policy, and to include a statement on reserves in their annual audited accounts. The level of reserves set is at the discretion of trustees.</li> <li>Matt then suggested that trustees agree that it should be £25k for the purpose of preparing the current accounts, but this could be revisited at any point in the future, should trustees choose to.</li> </ul> <p>There were no further questions or comments raised and the board:</p> <ul style="list-style-type: none"> <li><b>endorsed</b> the head of finance and resources' reports for the period ending 31 March 2017</li> <li><b>agreed</b> the cost of living salary increase for current staff, backdated to 1 April 2017</li> <li><b>agreed</b> the risk management approach as a basis for Local Trust's risk management policy</li> <li><b>agreed</b> the revised reserves policies for Big Local Trust and Local Trust and will revisit this at a future meeting.</li> </ul> <p>Daniel Goodwin then joined the meeting at 3.25pm.</p> <p><b>5.3 Investment sub-committee minutes/recommendations</b></p> <p>The board <b>received</b> the minutes of the investment sub-committee meeting held on 24 May 2017 and trustees were informed that the minutes included in the papers were not the final draft. However, they did not differ greatly and recommendations were the same. Trustees will be emailed the correct version after the meeting.</p> <p>The board then took the recommendations and:</p> <ul style="list-style-type: none"> <li><b>noted</b> the investment updates for Local Trust and Big Local Trust for the quarter ended 31 March 2017</li> <li><b>accepted</b> the annual review of the performance of CCLA as investment manager</li> <li><b>accepted</b> the report on HSBC as the custodian for Big Local Trust's investments.</li> </ul>	<p>Correct investment sub-committee minutes to be emailed to trustees</p>

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<p><b>6. Office move</b></p> <p>Matt introduced the report and the following questions were raised and information provided:</p> <ul style="list-style-type: none"> <li>• Following concerns about IT/data security, trustees were informed that Local Trust is in the process of going through a cyber security review with a not-for-profit organisation, Eduserv. They will be doing a site visit, interviewing staff and will provide advice and policy changes if needed. Other points raised by trustees were covered in the agenda paper.</li> <li>• Peter T asked about the rent rise from £66k to £137k and asked what was included and Matt responded that it included a range of benefits including on site security enabling late working and weekend access and access to meeting and event space, as well as accommodation to meet the increased headcount. He added that professional advice confirmed that the rent review on the current office, in 2019, would be likely to result in a doubling of the rent due to the increase in property values locally were Local Trust to stay in the current accommodation, which would be impractical since it would fail to provide capacity for the additional staff.</li> <li>• Peter T was concerned about having a licence to occupy rather than a lease and Matt responded that this gave a notice period of six months, which provided significantly greater flexibility than a lease, whilst still providing sufficient protection for Local Trust as a business. Peter confirmed he was happy with the arrangement.</li> </ul> <p>There were no further questions or comments raised and trustees agreed that the chief executive could go ahead with signing the deed of surrender in relation to Local Trust's current property and the license to occupy the premises at CAN Mezzanine, Borough.</p>	
<p><b>7. Allocation of investment returns</b></p> <p>Matt introduced the report and explained that the aim was to try to take trustees through a structured process, with clarity about what decisions need to be made and when.</p> <p><u>Timing and allocation</u></p> <p>Matt explained that five areas were approaching spend out in the next year and it was recommended that some initial allocation of returns be phased in now to help keep areas engaged in the Big Local programme.</p> <p>There was then a discussion; trustees felt that it was in the best interests of Big Local to inform areas about the returns on the investment due to them during 2017, to reduce the possibility that areas near to spending their £1m might drop out of the Big Local programme.</p> <p>The board then:</p> <ul style="list-style-type: none"> <li>• <b>agreed in principle</b> to commit some of the surplus to areas during 2017-18, as part of a phased process.</li> </ul>	

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<p><u>Scale of allocation</u></p> <p>There was then a discussion on the previous decision to maintain a 33% buffer against risk assets, the previously settled approach to allocating resources between local expenditure (the £1m) and centrally driven costs (support and training, evaluation, other programmes (eg UnLtd) and programme administration), and the scale of allocation. It was agreed that neither of these issues would be reopened at this stage. It was further emphasised that discussions at this meeting did not bind anyone, but would enable staff to continue to develop advice to Board on their favoured options over the next two board meetings.</p> <p>The board then:</p> <ul style="list-style-type: none"> <li>• <b>agreed</b> to make no change to their previous decision to maintain a 33% 'buffer' against risk assets or to reopen the previously agreed distribution of funds between local and centrally allocated funds (beyond seeking clarity on the apparent inconsistency between the 69/31 and 72/28 splits referred to variously in different documents in the past)</li> </ul> <p><u>Distribution between areas</u></p> <p>Trustees then discussed the distribution of investment returns between areas and the three options set out in the agenda paper.</p> <p>Option 1 was to calculate the allocation of investment returns to areas based on the amount of Big Local money each area had spent. This might be seen as being the closest option to the wording of the statement made by the board in 2013, and would show that trustees were wholly consistent in their approach to managing the surplus. However, there was also concern that this could cause problems as areas who got less may feel it is unfair, and that by allocating a higher percentage to areas that had not spent Local Trust might encourage them to keep their Big Local money in the bank and not spend it.</p> <p>Option 2 was that all areas receive the same returns irrespective of timing of their withdrawals. This would give everyone what could be presented as a fair share of the surplus, and avoid rewarding or penalising individual areas for spend decisions that were often driven by local circumstances and priorities. However, it would represent a change of approach for Big Local which would need to be explained if challenged. Trustees were also informed that the staff team has a strong preference for this option.</p> <p>Option 3 was that areas bid and compete for the returns and Daniel suggested a mix of option 2 and 3 with up to 50% available for a bidding (or re-planning) arrangement when bidding for something in co-operation with at least two other areas, one of which should be doing this for the first time. On the basis that we should be working to develop partnerships' capacity to survive after Big Local, when they might want to bid for other sources of funding. Whilst Local Trust is not set up to deal with bids, it could do so, but there would be resource implications.</p> <p>After discussion about the options, recognising that there were advantages</p>	

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<p>and disadvantages to all the proposed approaches, the board:</p> <ul style="list-style-type: none"> <li>• <b>agreed</b> that – in principle – they favoured all areas receiving the same returns irrespective of the timing of their withdrawals (option 2).</li> </ul> <p><u>Conditions of funding</u></p> <p>There was then a discussion on if there should be any conditions attached to the allocations and trustees asked about the amount of extra work this could put on the staff team, for example if areas had to do a mini plan to show what they would spend the extra cash on, it would mean an extra 150 plans needing to be looked at.</p> <p>It was then suggested that if any conditions were to be imposed then Local Trust would favour them relating to the need for a legacy strategy or plan in an area.</p> <p>There was no further questions or comments raised and the board:</p> <ul style="list-style-type: none"> <li>• <b>agreed</b> in principle that any conditions surrounding the allocation of returns should focus on a legacy strategy or plan in the area, and that this might be returned to in future discussion of managing the surplus.</li> </ul> <p>Peter Thurston then left the meeting at 4pm.</p>	
<p><b>8. Reflection on post-election political environment</b></p> <p>There was a short discussion around the changes to the political environment in Big Local areas following the general election result.</p>	
<p><b>9. Presentation: two Big Local areas (Whitley Bay and S018, including findings from the partnership survey and review)</b></p> <p>Matt explained that it was planned to do a presentation on two Big Local areas at each meeting going forward to help provide context to the wider discussions taking place at Board.</p> <p>The two presented at this meeting were Whitley Bay and SO18, which are seen as very typical Big Local areas.</p> <p>Presentations at future meetings might include, for example, looking at areas with a particularly high or low spend or areas facing particular problems delivering Big Local.</p> <p>There were some questions and comments including the important area of areas learning from each other and setting down good practice standards. Trustees thanked Rachel for the presentation.</p>	
<p><b>10. Presentation: early thinking on area assessment framework/tool</b></p> <p>Rachel introduced a short presentation on a new tool being developed to help Local Trust better understand what was going on across the Big Local programme, and target resources, support and – where appropriate – intervention where it was needed most. The first iteration of the area assessment tool would be based on existing information held within Local Trust. The staff team were already looking at what data they already had.</p>	

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<p>Information that will be available on the toolkit includes details of plans, LTOs, partnerships, money and support.</p> <p>The timeline for collecting data is from now until September; it was hoped that some information on progress would be available for Board to engage with towards the end of the year.</p> <p>The following questions were raised and information provided:</p> <ul style="list-style-type: none"> <li>Trustees thought that this was a good tool to have and asked if there was anything in this that would help with evaluation. Staff said that there was clearly value from the point of view of evaluation, however its principal value initially would be as a tool to support management of the programme – it was arguable that, at present, Big Local suffered from a lack of useable cross-programme management information and the tool would fill an important gap.</li> <li>In answer to a question about using the tool to look at a pattern of spending, trustees were advised that this will be part of the assessment framework.</li> </ul> <p>There were no other questions or comments raised.</p>	
<p><b>11. Probation review for Matt Leach</b></p> <p>Trustees unanimously agreed that Matt had successfully passed his probation and confirmed him in his role as Local Trust's chief executive. The board thanked Matt for his achievements over the six months and look forward to Matt leading the organisation to continued success in the future.</p>	
<p><b>12. Any other business</b></p> <p>There was no other urgent business and the meeting closed at 5pm.</p>	
<p><b>Full board meetings 2-5pm</b></p> <p>21 September 2017, 16 November 2017 (including AGM)</p> <p><b>Finance and audit sub-committee 2-5pm – tbc</b></p> <p><b>Investment sub-committee 2pm to 4.00pm – 5 September 2017</b></p>	

*Karin Sugrue*

Chair

29/09/2017