

Local Trust board meeting minutes, decisions and actions

23 March 2017 at 2pm

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

Discussion and decision	Action
<p>Present</p> <p>Trustees</p> <p>Kevin Sugrue (chair), Penny Shepherd, Jonathan Taylor, Ben Lee, Peter Mills, Andrew Robinson, Kathy Kane, Alice Casey (by telephone from 2.10pm to 3.40pm for items 1 - 7)</p> <p>Non-trustees</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>Michael Quicke, John Kelly (CCLA) from 3.05pm to 3.40pm for item 7</p>	
<p>1. Apologies for absence</p> <p>Apologies were received from Daniel Goodwin, Karen Riches and John Whitton.</p>	
<p>2. Minutes of the previous meeting and matters arising</p> <p>2.1 Minutes of previous meeting</p> <p>It was agreed that references to Andrew Robinson's interests should make clear his full list of responsibilities and potential conflicts arising from his role as a director of CCLA (investment manager, Big Local Trust and Local Trust) and as a trustee of Community Development Foundation, and that in future there should be consistency in how these interests are described and acknowledged.</p> <p>The minutes were, with that amendment, accepted as an accurate record of the meeting held on 8 December 2016.</p>	<p>To amend minutes of previous meeting to ensure consistency in declarations of interest</p>

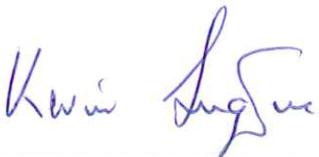
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<p>2.2 Matters arising</p> <p>The Young Advisors proposal discussed at the last meeting, that Local Trust might take over its remaining funding and legacy when it closes, will not be taken forward. Young Advisors' trustees have decided that it will continue to operate as a charity in its own right.</p> <p>There were no other matters arising not covered by the agenda.</p>	
<p>3. Declarations of interest</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>4. Chief executive's report</p> <p>The following questions were raised and information provided:</p> <ul style="list-style-type: none"> • IT security: Trustees were informed that the proposed new office was likely to be more physically secure than the present office when it came to protecting IT assets. Local Trust is also hoping to move more of its IT to the cloud, further reducing IT security risks (although a small server may still be needed for some software, it was unlikely that significant data would be stored locally in the future). • Governance review: There is an initial meeting planned for 30 March, with the chair, sub-committee chairs, senior staff, and consultants Campbell Tickell to initiate a small piece of consultancy work on governance to support the Chair's ongoing Board review. • Sharing wider learning: Trustees were advised that the Big Lottery Fund had confirmed by email that it was happy for Local Trust to spend up to £1m from the investment surplus to advance wider learning, influencing and collaborations, based on insights from the 150 Big Local areas. • The Protector indicated that he had concerns about what was proposed, would be seeking his own legal advice and would come back to with further views in due course. • UnLtd: Star People and other support activities provided under UnLtd's current contract are closing by the end of the year as part of a move towards a more diverse support offer for local areas. • Conflict resolution: Two consultancies have been appointed to provide conflict resolution for Big Local areas, one comes from a legal background and one is more community-focussed. • Research: Trustees were encouraged to get involved in the Empowered Communities research taking place by completing a short survey which will be available online shortly. There will then be a workshop on this subject at the June meeting. <p>There were no further questions or comments and the report was noted by the board.</p>	

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<p>5. Finance report</p> <p>Jonathan highlighted the following:</p> <ul style="list-style-type: none"> • Expenditure is ahead of our original expectations by £10m, but this is mainly accounted for by the increase in constructive obligations. • At the end of December 2016, £42m of grant funding had been distributed, which is a large chunk of the original £150m committed to Big Local areas. • The office costs budget had been overestimated at the start of the year; this had helped fund some costs outside of Local Trust control, for example responding to the ransomware attack. • Big Local Trust has received a refund of £30,297 from the liquidator in relation to Hull and East Yorkshire Community Foundation (HEYCF). • Unspent grants were being returned. The amounts unspent but still to be returned were very low. <p>The following questions were raised and information provided:</p> <ul style="list-style-type: none"> • Once the liquidator for HEYCF has completed its work and Greatfield and Withernsea Big Local areas have reported back to Local Trust with estimates of how much of the funding held by HEYCF might have been spent, staff will report back to trustees with a recommendation on how to respond to the loss of funds by the two areas. • Staff will also continue to update trustees on further steps taken or proposed to protect Big Local funds when locally trusted organisations go into administration. <p>There were no further questions and the board received the minutes of the finance and audit sub-committee meeting held on 2 March 2017 and:</p> <ul style="list-style-type: none"> • endorsed the head of finance and resources' reports for the period ending 31 December 2016 • considered and adopted the proposed audit timetable and audit process • agreed that future Big Local Trust finance monitoring reports be referred to the board for their consideration including any amendments proposed by the finance and audit sub committee 	<p>Staff to report back to future board on HEYCF, loss of funds by Greatfield and Withernsea, and measures to protect Big Local funds held by LTOs</p>
<p>6. Investment report</p> <p>Andrew Robinson left the meeting at this point.</p> <p>The following questions were raised and information provided:</p> <ul style="list-style-type: none"> • The review of CCLA as investment manager had been completed. It had recommended no change to the investment manager at this time. A letter would now be sent to CCLA confirming that Local Trust/Big Local Trust would continue to work with them as investment managers. Members were pleased that the review had taken place, and felt it was a reassuring report and worthwhile exercise. • While, in the light of the independent review, there were no plans to retender the investment manager service during the lifetime of the Big Local programme, the CCLA annual review would still go ahead and any questions could be raised then about whether there have been any 	

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<p>changes to CCLA's performance or key personnel which might lead to retendering. There were no further questions and the board received the minutes of the investment sub-committee meeting held on 27 February 2017:</p> <ul style="list-style-type: none"> • agreed the revised ethical and responsible investment policy • noted the investment report for Big Local Trust for the quarter ended 31 December 2016 • noted the investment report for Local Trust for the quarter ended 31 December 2016 • agreed not to retender the provision of investment manager at this time • agreed that the cap on real assets should remain unchanged at 40% for the present • agreed the performance review criteria, process and questions for CCLA in 2017. 	
<p>7. Presentation from CCLA on managing the endowment</p> <p>Michael Quicke and John Kelly joined the meeting and highlighted the following:</p> <ul style="list-style-type: none"> • The principal investment risks of the programme are: <ul style="list-style-type: none"> ▪ There not being enough cash to distribute when required. This is managed by holding cash or near cash equal to eighteen months of projected expenditure. ▪ The overall value of the portfolio falling below the commitments made to the areas. At the start this was managed by ensuring that the prospective income to be earned on the portfolio was large enough to offset the largest reasonable loss on the risk assets. The position now is that the surplus within the programme is substantially more than the largest reasonable loss on the risk assets. • The "surplus" generated above the £220m committed spend is £29.8m to February 2017, and is projected to be £42.5m by March 2027. • In December 2015, trustees chose to retain a surplus of no less than 33% of the real assets held. <p>The following questions were raised and information provided:</p> <ul style="list-style-type: none"> • This presentation was for information, so that trustees could better understand the current projected surplus in the investment and the context for making decisions, later in the year, about the distribution of investment returns. • The presentation should be shared with trustees absent from the meeting. <p>There were no further questions or comments and the board noted the report. CCLA then left the meeting.</p>	<p>Presentation to be shared with absent trustees</p>

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<p>8. Forward planning</p> <p>8.1 Strategic plan</p> <p>Andrew Robinson re-joined the meeting at this point.</p> <p>Matt introduced the strategic plan. It had been developed from trustees' discussions (and the notes produced by the facilitator) during the away day in January.</p> <p>Board members were broadly content with the draft strategic plan and accompanying business plan, which reflected the strategic direction for the organisation set at the January awayday.</p> <p>There was a shared view that more work needed to be undertaken on the refreshed values statement included in the strategic plan document. It was agreed that this section could be omitted from the plan without significantly changing the document, and that there would be real value in taking up Peter M's offer to work with Jess and Matt on improving current wording, with the aim of bringing a renewed values statement to the board alongside the communications strategy in September.</p> <p>The Board had a further discussion about the strategic plan in the light of additional concerns raised by the protector. The protector indicated that he was unhappy with the plan, although he was unwilling at the present time to provide information on specific issues of concern. He would seek advice from his legal advisors and return to trustees in 4 weeks with his views.</p> <p>The board agreed that while they were in broad agreement with the direction of the plan as reflecting what was developed and agreed at the board away days, they would defer formal approval of the strategic plan and business plan until the protector provided details of his concerns when the matter would be re-considered.</p> <p>8.2 Business plan</p> <p>The board indicated that they were content to consider the business plan in the light of the further discussion of the strategic plan.</p> <p>8.3 Budget 2017-2027</p> <p>Subject to any necessary reconsideration of the budget in the light of the further discussions on the draft strategy and business plan it was agreed that the Big Local Trust 15 year budget and cashflow, including the 2017/18 budget, be approved and that the following points be noted:</p> <ul style="list-style-type: none"> (i) continuing uncertainty about the timing of longer-term draw down of funding by areas will reduce considerably over coming years as local areas spend down (ii) the additional planned expenditure on staffing and office costs, funded from the assumed minimum investment returns identified as "programme contingency" in the March 2016 budget (iii) the need to look again at longer-term budgets in the light of decisions on how to allocate investment return. 	

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(iv) no substantial changes being made at present to conservative income expectations within the long-term budget (v) other changes in planned activities and consequent movements between expenditure headings, as noted in the report.	
9. Presentation on two Big Local areas (Whitley Bay and SO18), including findings from the partnership survey and review. This item was deferred to the next meeting.	
10. Any other business There was no other urgent business and the meeting closed at 4.35pm.	
Full board meetings 2-5pm 15 June 2017, 21 September 2017, 16 November 2017 (including AGM) Finance and audit sub-committee 2-5pm - tbc Investment sub-committee 2pm to 4.00pm - 24 May 2017	


 Chair
 3rd July 2017