

## Working in partnership with professional advisors – helping you to exceed client expectations

Bedfordshire and Luton Community Foundation (BLCF) is an independent, non-profit organisation and is registered both as a charity and a company.

Established in 2001, we are part of a national network of community foundations whose aim is to improve the quality of life for local residents through encouraging local giving.

The Foundation manages funds on behalf of our donors, undertakes strategic grant making and contributes to achieving positive social change for the long term. We make hundreds of donations annually, exceeding over £6m in grants since we started out from a first year donation of £6000.

We provide comprehensive support to those who are interested in making a difference to those who are disadvantaged and in need locally, helping donors achieve their charitable wishes and building stronger communities for the benefit of Bedfordshire and Luton.

### Quality Accreditation and governance

Bedfordshire and Luton Community Foundation is Quality Accredited by UK Community Foundations (UKCF). Formally acknowledged and recognised by the Charity Commission for England and Wales, Quality Accreditation is a programme which endorses and encourages best practice by Community Foundations. Achieving Quality Accreditation demonstrates that a community foundation delivers to a standard and is serious about quality and accountability.

We view corporate governance as one of our most important responsibilities. Public confidence in the transparency and accountability of the work of charities has never been more important. Our promise to donors is that, whatever the size and nature of their contribution, they can be sure it is going straight to where it is needed and will do most good.

### Need in Bedfordshire and Luton

Bedfordshire is typically perceived as a fairly prosperous and vibrant part of the UK and the majority of people in the county enjoy a good quality of life. At the same time, however, there are pockets of deprivation and disadvantage that exist across the county and a real need to invest in key areas, specifically our ageing population, young people, skills and employability, disability and health and wellbeing.

Bedfordshire and Luton Community Foundation was established to help address these and other emerging needs. Through our research, experience and understanding of local need, our purpose is to enable donors to undertake informed and targeted grant making to the causes they care about.

### Our work with professional advisors

We have found that there is growing interest amongst individuals wanting to learn more about philanthropy and effective charitable giving and the options open to them. Good advice in this area is important.

Working together we can provide a fully inclusive offering to help you meet your client's charitable goals and exceed their expectations in terms of the range of options open to them. Whether you are a lawyer, accountant, financial planner, investment adviser, or have a specific interest in the technical aspects of planned giving, by combining your expertise with our experience in advising on philanthropy, together, we can ensure that your client's charitable giving meets the causes they wish to support.

We provide a range of options for private clients who are interested in:

- Setting up a personal fund
- Transferring the burden of running a charitable trust
- Leaving a legacy or gift in their will
- Setting up an "in Memory" Fund

You will find information on these aspects of charitable giving in the Professional Advisers Pack.

### Corporate Donors

We offer similar support to Corporate Donors (including businesses of all sizes, solicitors, accountants and land agents etc) who have an interest in the local community and are interested in putting their corporate social responsibility in to practice.

### Charitable Trusts

We can also take on existing charitable trusts that are ineffective on account of difficulties in identifying beneficiaries or attracting new trustees. We provide a range of offerings from assisting with grant making to taking over legal responsibilities for the trust completely, yet with your clients retaining an interest. You can find out more in our pamphlet Charitable Trust Transfers

### Benefit to your clients

Community Foundations are an ideal vehicle for philanthropists to provide some structure to their giving in a tax efficient way and offer a flexible alternative to creating conventional personal trusts or a foundation, which can prove complicated and costly to set up and administer. The administrative and governance burden on trustees of running a conventional personal charitable trust is ever increasing which, understandably can be off-putting to

many clients. We offer a practical alternative, making charitable giving to local causes stress free, easy and enjoyable for clients, whether the amounts they set aside are large or relatively modest.

We must stress that we believe that there is still a place for the conventional personal charitable trust and indeed, that may be the donors preference. Our purpose is to ensure donors are aware of the full range of options available.

Whether your client is looking to establish a named family fund through a lifetime donation, or leave a legacy in their Will or wishes to reduce the administrative burden of an existing trust, we can work with you and your client to find the best solution.

- We are local – your client's funds will be used to support the local community in which they live and work. They can visit projects and see for themselves the positive impact that their charitable giving achieves.
- We are impartial – You may be reluctant to recommend specific charities to your clients for reasons of impartiality. We do not favour any one particular cause or theme.
- We are flexible – with a named family fund (which operates in a similar way to a charitable trust) your clients choose what kind of causes they wish to support. Grants can be made to charitable causes and not just registered charities (for example improving health and well-being or access to learning and improving skills and employability). Clients can change their focus at any time, which enables them to quickly respond to emerging social need. Clients can be involved as little or as much as they like in the grant-making process.
- We are quick and efficient – we can set up a named fund after one meeting rather than waiting several months or longer to get registered as a charitable trust.
- We make giving easy – we promote the fund and invite applications from community groups to fund their project, review grant applications, provide summaries of the projects, check validity and that the Charity's or community group's project falls within the Foundations Charitable Objectives, arrange for the donations to be made from the fund and undertake monitoring to ensure the money has been spent on the project and to measure the impact it has made.
- We are knowledgeable – we have an excellent knowledge of local community need and can match your clients' interests to specific projects, causes and initiatives.

- Your clients decide which projects to support – we encourage donors to have full involvement in all decision-making including which community projects to support and the level of funding. Ultimately responsibility lies with the trustees of the Bedfordshire and Luton Community Foundation and grants can only be made following their ratification.
- We help clients give tax-effectively – as a registered charity we are an ideal vehicle for all methods of tax-effective giving, offering significant tax benefits for your clients including relief from income tax, capital gains tax, inheritance tax and corporation tax. We can also accept gifts in cash, shares, land, property or other assets which can also be made tax efficiently.
- We are here to stay – if a client leaves a legacy in a will today, it is possible that the cause they wanted to fund is either no longer in existence or in need of assistance by the time their will comes into effect. With a named fund, our trustees have discretion over the distribution of gifts left to them. We can ensure that the original intentions of your client are carried out without having to approach the Charity Commission for a variance of the original deeds of a trust or intentions in a will.
- We are transparent – we ask for a contribution towards our administration costs for managing a fund which varies depending on the size and type of fund and we agree this up front with donors. We operate with a very low overall administrative overhead which means that more money can go out in grants to the community.
- We carry the financial and legal responsibility – setting up a personal charitable trust can be time consuming and costly to establish and administer. The onus on trustees is increasing – to invest and monitor the investment of funds, to ensure regulations are followed in grant making, to meet the stringent needs of accounting requirements under SORP as well as the independent scrutiny of the accounts. With a named fund at the Bedfordshire and Luton Community Foundation, all these responsibilities lie with our trustees.

Above all our offering is personalised and very flexible so it is very likely that we will be able to find a solution that meets and maybe even exceeds your client's needs and expectations, which we hope will help to strengthen your relationship with them further.

## Contact

If you want to find out more about how we can work together to help your clients with their charitable giving, please contact Fozia Irfan or Warwick Browning on 01234 834930.

## Community Foundations acknowledged by the Charity Commission

In Summer 2014, the Charity Commission published revised guidance on setting up and registering a charity.

The Charity Commission acknowledges that community foundations have a reputation for the effective management of charitable funds in order to maximise their impact at local level.

Bedfordshire and Luton Community Foundation is able to offer an alternative, cost effective solution to those who are interested in local charitable giving, as well as having the knowledge to connect your clients with a wide range of charitable activity.

### Setting up a named fund as an alternative to a charity

The revised guidelines were established to encourage people to think carefully about alternative options before setting up a charity, such as supporting an existing organisation with the same aim or setting up a named donor fund with a community foundation.

The Charity Commission and community foundations have also worked closely in recent years to ensure that trustees seeking to revitalise moribund (dormant) or ineffective trust funds (and who are looking for an effective way of carrying on their good work in future years) can release their funds to a community foundation as part of their appraisal of options.

The Charity Commission welcomes and supports this initiative and encourages all charities to ask themselves whether they should work with community foundations as an alternative to setting up a new charity or continuing with a dormant or ineffective trust fund, particularly if they agree with one or more of the following statements:

- We find it difficult to identify deserving beneficiaries (charities and community groups)
- We cannot spend the income of the charity
- We find ourselves providing money to the same people or groups every year
- We find it difficult to attract trustees
- We would like to be involved in how the money is spent but we do not want the legal responsibility of being a trustee
- The work of administering the charity and its investment is becoming onerous or disproportionate to the level of funding
- We wish that we knew more about local issues and opportunities and who else was funding what

For more information visit [www.gov.uk](http://www.gov.uk) and search for 'How to set up a charity' or, to compare the benefits of establishing a Trust through Bedfordshire and Luton Community Foundation with setting up an Independently Registered Trust, see the comparative table produced by Bedfordshire and Luton Community Foundation.

If you require any further information from Bedfordshire and Luton Community Foundation or would like to discuss a specific situation in confidence, please contact Fozia Irfan or Warwick Browning on 01234 834930

# Leaving a gift in a will

## Leaving a Legacy for Bedfordshire

Do you have a client who is interested in setting up a charitable trust through their will, but is wary of the legal responsibilities they may be leaving for family and friends?

Has your client approached you with a request to leave a charitable bequest to help a variety of Bedfordshire and Luton based charities?

Do you have a client that would like to leave a gift to their local community, but hasn't been able to find the right vehicle?

If the answer is yes to any of these questions, Bedfordshire and Luton Community Foundation can help.

## Leaving a legacy for Bedfordshire

Many of our supporters have been committed to Bedfordshire for many years, and they don't want that commitment to end when they die. Although some people have a clear idea of the charities they wish to support through leaving a gift in their will, others may want to give back to their local community but are unsure exactly which charities to support.

A long term and viable alternative is for Bedfordshire and Luton Community Foundation to be named as the recipient in a will, with the instruction to use the legacy to support a particular cause or a particular area of the county.

## Types of legacy

There are a number of ways that donors can support local causes via a legacy to Bedfordshire and Luton Community Foundation; we work closely with professional advisors to agree the most appropriate solution for their clients. Whether a residuary legacy, pecuniary or specific legacy, the Foundation is able to manage legacies of all kinds.

Bedfordshire and Luton Community Foundation provides a uniquely flexible range of options and support for clients. Whatever their charitable interests of your clients, the Foundation can:

- Use its local expertise to match deserving causes with the criteria set by your client. For example, if your client has a particular wish to support young people in Bedford or mental health issues across the county, we can set up a fund agreement with your client which states their wishes.

- Provide a solution for leaving a one-off legacy which benefits a wide range of deserving, local causes across Bedfordshire.
- Offer a way through an endowment to make a single gift that keeps on giving, in perpetuity, to the causes your client supports.
- Enable family and friends to be involved in the decision making process without the burden of legal or fiscal responsibility.

Simply naming Bedfordshire and Luton Community Foundation as the beneficiary in a will provides your client with the flexibility to support a wide variety of important local causes and respond to changing needs over time. Bedfordshire and Luton Community Foundation guarantees to use the donation in the best and most effective way to improve lives in the local community whilst adhering to the client's wishes.

## Case Study

Mr A approached his solicitor in Bedford to discuss leaving the whole of his estate for the benefit of the parish where he was raised. He is the last living family member and his estate is worth £350,000. His solicitor did not feel that it would be appropriate to create a personal charity as it would be difficult to identify trustees to manage the funds in perpetuity, and the set up and running costs would be prohibitive. Mr A's solicitor referred him to Bedfordshire and Luton Community Foundation and, following a discussion with the solicitor and Mr A, a legacy fund was established to provide small grants up to a maximum of £2,000, or larger grants at the Trustees' discretion to support groups which promote health and wellbeing, tackle disadvantage, support local solutions to meet local needs, promote community cohesion and develop sustainable and supportive communities.

## Tax benefits

As an accredited community foundation, legacies made to Bedfordshire and Luton Community Foundation qualify as charitable donations. As you will be aware, charitable legacies are exempt from inheritance tax and could help reduce the total amount of tax paid on your client's estate, maximising what is available for their heirs. We can also accept gifts in cash, shares, land, property or other assets which can also be made tax efficiently.

## Case study examples for clients

The basic principle is that if an individual leaves 10% or more of their estate in their will to charity, the rate of inheritance tax will be reduced from 40% to 36%. However, this doesn't necessarily mean that they have to leave 10% of the whole estate - the rules are more generous than this. In short, it is only necessary to leave 10% of the net value of their estate. This is the sum of all the assets after deducting any debts, reliefs, exemptions and the tax free band.

Bedfordshire and Luton Community Foundation is not qualified to provide tax advice to individuals and we always advise any potential donor to discuss the tax implications with their professional adviser. However, we set out below some examples of how the rules governing the IHT exemptions on charitable gifts work, which show how favourable they are.

You might find these examples helpful to share with your clients to illustrate the tax benefits of leaving a legacy:

### Example 1

Robert dies leaving an estate worth £500,000. He has a full tax free band of £325,000 so his taxable estate is £175,000. To qualify for the reduced rate of tax he needs to leave 10% of £175,000 to charity i.e. £17,500. The £17,500 qualifies for the charitable gift exemption leaving £157,500 which is taxable at 36% making a tax liability of £56,700. This leaves £425,800 for his heirs.

### Example 2

Had Robert left a legacy of £15,000 to charity his estate would not have qualified for the reduced rate as £15,000 is less than 10% of the net value. After making a deduction of the tax free band of £325,000 and the charitable gift exemption of £15,000, his taxable estate would be £160,000. This would be taxed at 40% making a tax liability of £64,000 leaving just £421,000 for his heirs. So, interestingly, Robert's heirs will be better off if he leaves £17,500 to charity rather than just £15,000.

### Example 3

If Robert left nothing at all to charity his taxable estate would be £175,000 and the tax charged at 40% would be £70,000 leaving £430,000 for his heirs. So whilst Robert's heirs would be better off if he left nothing to charity at all, as can be seen in points 1 and 2 above, by reducing what is available to his heirs by just £4,200 the charity benefits by £17,500.

The Foundation has specimen wording available to help solicitors ensure that we can manage your client's gift according to their wishes.

### Contact

To find out more about helping your client's to leave a legacy to Bedfordshire and Luton Community Foundation please contact Fozia Irfan or Warwick Browning on 01234 834930

## Comparing a Bedfordshire and Luton Community Foundation Trust with an Independently Registered Charitable Trust

Comparing a Bedfordshire and Luton Community Foundation Trust with an Independently Registered Charitable Trust. If your client is considering setting up a charitable trust, they may wish to consider setting one up through the Bedfordshire and Luton Community Foundation (BLCF) which is a simple and practical alternative to registering a charitable trust independently with the charity regulator or commission.

Setting up a Trust through BLCF is a low cost and tax-efficient way to give to charity and, as a Trust owner, individuals have full control over where donations are

made. Trusts can be established with a lump sum, regular or annual payments, or by a sum of capital in the form of an endowment.

### Contact

To find out more about how we can help you to help your clients, please contact Fozia Irfan at [fozia.irfan@blcf.org](mailto:fozia.irfan@blcf.org) or Warwick Browning at [warwick.browning@blcf.org.uk](mailto:warwick.browning@blcf.org.uk) or call us on 01234 834930.

	Setting up a charitable Trust	Establishing a fund through BLCF
SET-UP PROCEDURE	Must register as a charity and apply to the Charity Commission. Must appoint a Board of Trustees.	Simple agreement.
TIME FRAME	May take weeks or months	Can be set up within 24-48 hours.
INVESTMENT, AUDIT ACCOUNTING AND TAX	Tax status covered by registration with the Charity Commission. Must fulfil financial and administrative requirements and may incur professional fee costs.	BLCF handles all financial and administrative management, arranges audit and reports to the Charity Commission. Tax status is covered under BLCF's charity status.
REPORTING TO AUTHORITIES	The donor/trustees must maintain all financial records, prepare accounts, and submit to the Charity Commission.	BLCF takes care of reporting to the Charity Commission, particularly the Annual Report and Accounts.
GRANT MAKING SERVICE, EXPERTISE, ADMINISTRATION AND FOLLOW UP	Donor responsible for own grant making process, administration and overseeing. Must research and check activities and status of all recipient organisations; has ultimate say in all grant decisions.	Professional staff available to help identify and assess grantees, provide input on community needs, and ensure follow up with recipients and reports back to donor. BLCF verifies activities and status of all potential grantees. Donors can be involved as much or as little as they choose in the grant making process. BLCF Trustees approval is required for all grants.
PHILANTHROPY ADVICE	Donors/Trustees responsible for own giving strategy.	BLCF provides full charitable giving and grant making know-how to ensure the donor maximises the impact of their fund.
DONOR CONTROL	Donor appoints Board of Trustees to control all aspects of grant making and investment.	Trustees of BLCF take on legal and fiscal responsibility for the donor's fund, while the donor chooses grants to organisations vetted by BLCF.
DONATIONS	Often restricted to registered charities.	To both registered and non-registered community groups.
PRIVACY	The Charitable Trust must keep public records.	Anonymity of donor can be maintained if desired. If the donor wishes, BLCF can serve as a mediator between donor and grant seekers.
PROFILE	Responsible for own records.	BLCF can help the donor as much or as little as they want. We can raise the donor's profile in the community by making grants in the donor's name and featuring the donor in publications.
GEOGRAPHY	Donor/Trustees determine their geographical reach.	BLCF operates across Bedfordshire but partners with other UK Community Foundations on the delivery of regional and national initiatives which may be of interest to donors.
NETWORKING	Must find own network and information sources.	BLCF connects donors to a variety of groups and issues in the community and connects like-minded donors through events and initiatives.

## **Dormant client funds/ Unclaimed client accounts**

Professional firms are required to return balances on client accounts as soon as there is no reason to retain the funds.

For example, solicitors will be aware of the Solicitors Regulatory Code of Conduct Rules which allows for practices with funds under the sum of £500 held on client account which can't be traced and returned to the client to now be payable to a charity. Solicitors do need authorisation to transfer funds over £500 and the application form and guidance can be found at [www.sra.org.uk/guidance-sar/](http://www.sra.org.uk/guidance-sar/)

It can be in the interests of the firm to ensure that money, which would otherwise remain inactive and subject to audit each year, goes directly to support a charity.

There may be an unclaimed amount in a client account for a number of reasons, usually where:

- The rightful owner cannot be traced
- The rightful owner will not provide instructions on how the funds should be dealt with; or
- Monies returned to the client have not been cashed

Any unclaimed client funds transferred to the Bedfordshire and Luton Community Foundation in this way will be used to directly fund charities and community groups who support the people of Bedfordshire. The exact type of organisation and cause to be supported can be selected by you and your team according to your organisations charitable objectives.

Bedfordshire and Luton Community Foundation is able to accept funds donated in this way and provide written indemnity in case the original beneficiary should ask for the money. We are happy to discuss ways of working with you to protect you in cases where large sums are transferred to the Foundation should the original owner seek recompense. It might be, for example, that the funds are held in a general endowment fund earmarked for your firm protecting the capital, distributing the annual income earned from the interest and dividends to local community groups.

Bedfordshire and Luton Community Foundation would be delighted to work with you to assist in transferring funds from any dormant client accounts. To find out more about how we can help you, please contact Fozia Irfan at [fozia.irfan@blcf.org.uk](mailto:fozia.irfan@blcf.org.uk) or Warwick Browning at [warwick.browning@blcf.org.uk](mailto:warwick.browning@blcf.org.uk) or call us on 01234 834930.

## In Memory Funds/Tribute Funds

In your capacity as a professional advisor, you will no doubt come across cases where family and friends of people who have died, wish to set up a fund in memory of their loved one. This is usually so that they can support issues close to the loved one's heart, or that link to the cause of their death. Funds like these enable family and friends to remember them in a special way.

As an alternative to setting up a new charitable trust through the Charity Commission, a named fund can be established with the Bedfordshire and Luton Community Foundation whereby funds are raised for the cause and an agreement is established with the family as to how funds should be spent and the type of charity and community groups that they wish to benefit.

By doing this, the moneys raised can be paid into the Bedfordshire and Luton Community Foundation named fund and will be tax efficient, as Gift Aid and Corporation Tax Relief can be claimed as appropriate.

This is a low cost solution for a family and can be set up immediately, without any need to register as a charity, select trustees (with all the statutory obligations that carries) at what might be a very difficult and emotional time for those involved.

## Contact

If you want to find out more about how we can help your client set up an 'In Memory Fund', please contact Fozia Irfan or Warwick Browning on 01234 834930

## Setting up a Personal Fund

Many of us have a desire to put something back into the community and professional advisers will occasionally be approached by people who wish to establish a personal fund so that their philanthropic wishes can be met.

In these circumstances, setting up a new charitable trust is the conventional route. However, the legal responsibilities of Trustees under charity law are onerous. Any new charity will need to prepare audited accounts annually, decide on an investment policy, monitor the performance of the investments, decide upon the sort of needs they wish to meet, agree the level of support to provide each group, advertise their fund, carry out due diligence checks on applicant groups, make awards and then monitor the effect the grant award has made.

Whilst donors have some of the skills to do this work, very often they do not have the time or same level of expertise in due diligence and grant award making as those in the charity sector. Personal funds can be expensive to run and so some people who like the concept are put off by the cost and compliance requirements.

We believe the Bedfordshire and Luton Community Foundation provides a simple, cost effective alternative to a charitable trust for individuals or businesses.

### Establishing a fund through Bedfordshire and Luton Community Foundation

Whilst there will always be a place for the conventional route, a unique feature of community foundations is the ability to establish a personal fund where the administrative burden and legal compliance is managed by us but, importantly, the donor can remain as closely involved in the application of their money as they wish.

A personal fund with the Bedfordshire and Luton Community Foundation works in a similar way to a charitable trust but is a lot easier to manage. We handle the investment, correspondence, compliance and governance.

Personal funds are bespoke to your clients' charitable objectives and donors can choose the name of the fund or whether to remain anonymous. They can also choose the geographical area of benefit in Bedfordshire, the causes they wish to support in their grant making and the level of involvement in terms of giving and selection of projects to fund.

Bedfordshire and Luton Community Foundation receives hundreds of bids for funding each year and we have a great depth of understanding relating

to what makes a good application and project. We also know how to reach small groups that may be beyond the knowledge of the donor. When assessing applications for funding, there are checks in place to ensure that the group has a good governance and the skill set to deliver a project that is really needed in the community. This provides for a strategic approach to charitable giving for your client and ensures a low level of risk by making use of the Foundations expertise in this field.

### Long term endowment or immediate impact?

There are a number of options that your client might consider when establishing a fund and we can work closely with them to explain the choices available to enable them to make an informed decision about the most appropriate for them:

- **Endowment Fund:** - an endowment provides permanence to a donation and demonstrates a long-term commitment to the local community. Endowed funds are invested with the annual income being distributed as grants. Funds are invested with a view to growing the value of the fund over time to create an expanding and sustainable source of funds for grant making in perpetuity.
- **Revenue Fund:** - revenue funds are often established by making an annual donation which is rewarded as grants within that year to provide immediate support to local communities.
- **Combined Fund:** - this is very appealing for those donors who wish to grow an endowment fund over time but also wish to make grants from a revenue fund to make an immediate impact.

An additional benefit of setting up a fund through a community foundation is that, periodically, we have access to government "match funding" programme's such as Community First or the Grassroots Grant Programme, both of which provided a 50% uplift on donations to endowment funds. In short this could potentially grow £10,000 of your clients donation to £17,500 after the application of Gift Aid! We can provide further details of any current schemes if your client would be interested in exploring this option.

### Management and Costs

As an independent charity, we are responsible for raising 100% of our administration costs and accordingly, we need to ensure that we cover the cost of administering and managing our donors funds. These are met out of contributions to the Foundation.

The size of the contribution to cover administrative costs depends on the size of the fund, but is typically 1% annually for endowment funds and up to 10% for revenue funds but may be negotiable, depending on the size and type of fund. This offers our donors significant value for money when compared to the cost of establishing a conventional personal charitable trust.

## **The Donation**

Where possible we encourage donations to be made in a tax efficient manner, usually with Gift Aid. This means that for every £10,000 donated, we can claim back £2,500 at no extra cost to your client.

We can also accept gifts in cash, shares, land, property or other assets which can also be made tax efficiently.

Giving shares to charity has long been a useful way of unlocking capital and passing it on to good causes. Donations made in this way are eligible for full personal income tax relief, as well as exemption from capital gains tax. A gift of £1,000 worth of listed shares could reduce a basic rate tax payers income bill by £220 and a higher rate tax payer's by £400. In addition no capital gains tax is payable on gifts of shares to charity. Similar relief also applies to donations of land or buildings. We can help you advise your clients on how to arrange the transaction.

## **Benefits**

The key benefit to your client is knowing that by setting up a fund through Bedfordshire and Luton Community Foundation they are making a significant and lasting difference to those in need in the local community without the burden of running it themselves. In short, we believe that we take out the stress and make giving the pleasure it should be.

There are further advantages that we believe personal funds have over the establishment of a charitable trust. Please refer to our Comparative Table, which highlights the comparisons.

To find out more about helping your clients to set up a fund with Bedfordshire and Luton Community Foundation please contact Fozia Irfan or Warwick Browning on 01234 834930

## **Address and general contact details:**

The Old School Southill Road Cardington Bedford MK44 3SX Email: [administrator@blcf.org.uk](mailto:administrator@blcf.org.uk)

Follow us on twitter [@bedlutcf](https://twitter.com/bedlutcf)

web site: <http://www.blcf.org.uk/>

Linked in: Bedfordshire and Luton Community Foundation

## Charitable Trust Transfers

There are thousands of small charitable trusts across the UK that are either dormant or inactive, or ineffective. You will no doubt have come across charities or charitable trusts that have ceased to operate for a variety of reasons, often through circumstances that are beyond the control of the original trustees.

Reasons why a charitable Trust may become dormant or ineffective include:

- The original purposes may be outdated and irrelevant to current needs
- The purposes may have been fulfilled or ceased to exist or the beneficiaries may no longer exist.
- Funding challenges, that many in the voluntary sector are facing.
- The fund may be too small to make a significant impact (as it generates almost no income) or a lack of expertise may make grant decision-making challenging.

With larger funds, it might be that over the years the trustees are not able to distribute funds and they become dormant, or moribund. Trustees may find it hard to stand down or to find someone to replace them, or they may not fully understand their legal or financial obligations.

### Our experience

We can provide a range of solutions from assisting with grant making to taking over a trust completely. If they wish, the client can retain an involvement without having the financial and legal responsibilities.

Working together with professional advisors, we can assist clients with trust transfers, moving the funds into another endowed fund with modern and applicable objects. We are able, if it is required, through the transfer process to change the specific objects of the trusts and continue to distribute grants in the spirit of the original founders.

The Charity Commission acknowledges that community foundations have a reputation for the effective management of charitable funds in order to maximize their impact at local level.

With active trusts, it may be that Trustees are looking for a sustainable approach to their fund, to ensure that the excellent work they have undertaken for many years is continued in perpetuity without losing involvement in the funds. As an alternative to transferring a trust, where applicable, we are also able to take over the management of active trusts, sometimes by becoming corporate trustees of an existing trust.

Trustees of charities and community groups facing closure may decide the work that the Bedfordshire and Luton Community Foundation does to support local communities and individuals is in line with the aims of their group and that a transfer of funds to the Foundation would ensure a worthwhile and effective use of remaining assets. Whatever the reason for closure, it is not uncommon for organisations to have residual funds and the trustees will be required to distribute these in accordance with the dissolution clause in their governing document and may turn to you for assistance. Charity Commission rules are clear that residual assets should be passed on to another charitable organisation that can use such assets to follow the same or similar objects.

### The Benefits of transfer to Bedfordshire and Luton Community Foundation

- Bedfordshire and Luton Community Foundation can often provide better returns on investments as we are able to pool larger sums of money which are effectively and prudently managed through appointed investment managers.
- Our local expertise means that we can often find beneficiaries and causes that provide the 21st century equivalent of the issues the original trust was set up to tackle.
- In some cases we have 'match funding' schemes in place such as the Government's Community First programme that provided a 50% match on eligible donations.
- Trustees can release the responsibility of managing and administering a trust fund directly, but retain an interest in the fund by acting as an adviser or continuing to award grants.

## Options for transfer

There are several options that can be considered under relevant sections of the Charities Act. This can include:

- Closing a trust and transferring the proceeds to the Foundation. Any group or charity wishing to pursue this should ensure that this action is in compliance with their governing document, and where relevant, has the approval of the Charity Commission. We can assist in writing to the Charity Commission to enable this to take place.
- Bedfordshire and Luton Community Foundation becoming corporate trustee and retaining the original charity number, but under new management
- The Foundation can also offer a range of grant making services to existing trusts. This can be a fully supportive offering including all of the aspects below, or can just focus on one or more of these elements:
  - o Designing the application process
  - o Promoting availability of grants to the right target audience
  - o Accepting the applications and carrying out due diligence
  - o Producing papers for the panel
  - o Providing administrative support in terms of making the grant payments
  - o Monitoring progress
  - o Providing an annual report on the impact of the grant making

## Case Studies

### Jane Cart Trust

This complex trust had been established in the 18th Century by a wealthy widow to aid the clergy and the poor of a specific geographical area around Dunstable and Houghton Regis. There was a considerable endowment which had to be managed together with almshouses and a grant-making operation. Bedfordshire and Luton Community Foundation took over the management of this Trust in 2012 and provide a full service clerking for the Trust, ensuring all regulatory and legal requirements are complied with, grants are administered effectively and the endowment is carefully invested.

### Contact

If you have any clients with their own charitable trusts that may be struggling to remain active, are actually dormant or would like to find out more about the transfer of assets from closing charities and would benefit from some further advice, please contact Fozia Irfan or Warwick Browning on 01234 834930 to discuss in confidence.