



There are many small charitable trusts across the UK that become either dormant or inactive. Some charities or charitable trusts cease to operate for a variety of reasons, often through circumstances that are beyond the control of the original trustees. This is where Leeds Community Foundation (LCF) can help.

Why transfer a trust?

The Charity Commission recommends when a charity has become inactive/dormant: you might find a Community Foundation or another charity may offer to continue to run your trust in line with its objects.

<https://www.gov.uk/guidance/how-to-close-a-charity>



CHARITY COMMISSION
FOR ENGLAND AND WALES

Reasons why a charitable trust may become dormant, inactive 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- The original purposes may be outdated and irrelevant to current needs.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.
- The fund may be too small to make a significant impact (as it generates little income).
- A lack of expertise may make grant decision-making challenging.
- Trustees may find it hard to stand down, or find someone to replace them.

Alternatively, 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.

In these cases, trustees are often advised to work with their local Community Foundation, to ensure the intended purposes of the funds are fulfilled.

“We have worked with the Foundation on charitable trust transfers for clients who were finding it difficult to encourage replacement trustees to administer the trust. LCF were able to take over the administration, whilst ensuring the original aims of the trust are still being met.” Malcolm Lynch, Partner, Wrigleys Solicitors LLP

Why do professional advisors recommend trust transfers?

By transferring a trust to LCF, trustees or trust advisors can rest assured that:

- You can release the responsibility of managing and administering a trust fund directly, but retain an interest in the fund if you wish.
- We can support the transfer in securing approval of the Charity Commission.
- We often provide better returns on investments, being able to pool larger sums of money effectively and manage prudently through appointed Investment Managers.
- Our local expertise identifies beneficiaries and causes that provide the 21st century equivalents of the issues the original trust was set up to tackle.
- We have established grant making processes which include due diligence checks on all community groups and individuals who apply.
- Since 2010, LCF has transferred a total of £16.5m from over 40 separate charitable trusts.



LCF has experience of dealing with dormant, active and ineffective trusts. These are just a few examples of the role the Foundation has played in reactivating these trusts.

Dormant trust

The Beryl K Gott Bequest, set up in 1930, had a remaining amount of £406 and had become dormant. The original intentions were to use the money to “buy early English gardening books for the reference library”. The library in question no longer existed so the funds were transferred to LCF and we were able to use the money to fund an environmental project linked to a community allotment.

Active trust

Leeds Tradesman’s Trust was an active trust but the administrator’s imminent retirement meant trustees were concerned about finding new beneficiaries. LCF took over the assets of the Trust and set up a Fund called the ‘Leeds Tradesman’s Trust Fund’. A sub-group of the original trustees have retained involvement by forming an advisory committee, and meet twice a year. This advises on new applications, considers any changes to the application process, and any other recommendations. Through its strong contacts with the local community, LCF is able to find new beneficiaries as well as administering the fund according to its founding values.

Ineffective trust

The Leeds School Awards Fund, set up in 1995 by the Lord Mayor to “advance education, in particular, by giving awards to schools whose pupils have undertaken projects which would enrich the life of the school and the community”. It had been inactive for some time and the trustees had moved away from the area. It was agreed that the Trust be closed and the assets transferred to LCF to set up the Leeds School Awards Fund. LCF were able to supplement this with some other, smaller educational funds that were transferred at the same time. A simple promotional flier was produced and distributed to local schools and two grants panels were held; 12 months later, all the proceeds of £70,000 had been distributed fully in line with the founders’ original wishes.

Transfer options

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

- Agreeing a scheme along the original lines of the trust.
- Closing a trust and transferring the proceeds to the Foundation.
- LCF becoming corporate trustee and retaining the original charity number, but under new management.

Consultancy

LCF can offer a range of grant making services to existing trusts. This can be a full-service offer including all the aspects below, or can just focus on one or more of the elements:

- Designing the application process.
- Promoting availability of grants to the right target audience.
- Accepting the applications and doing the due diligence.
- Producing panel papers.
- Providing administrative support in terms of making the grant payments.
- Monitoring progress.
- Providing an annual report on the impact of the grant making.