

Charitable Trusts and Transfers

There are thousands of small charitable trusts across the UK that are either dormant, 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, 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- The original purposes may be outdated and irrelevant to current needs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 almost no income) or a lack of expertise may make grant decision-making challenging

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 obligations.

Our Experience

We can provide a range of solutions from assisting with grant making to taking over a trust completely. If you as a potential client of a larger fund wish, you can retain an involvement without having the burden of the financial and legal responsibilities. Working together, we can assist trust transfers, moving the funds into another endowed fund with modern and applicable objectives. 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.

Trustees of active trusts may be 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 may also be 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 often decide that Worcestershire Community Foundation's work, supporting local communities and individuals, is in line with the aims of their group and that a transfer of funds to the Foundation is an easy and effective use of remaining assets.

Whatever the reason for closure, it is not uncommon for organisations to have residual funds. The trustees will be required to distribute these in accordance with the dissolution clause in their governing document and you may wish to have assistance for this. 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 objectives. Please consider Worcestershire Community Foundation as that charity.

The Benefits of transferring a Charitable Trust to Worcestershire Community Foundation

- We 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 identify current social need and often find beneficiaries and causes that provide the 21st century equivalent of the issues the original trust was set up to tackle
- Trustees are relieved of the responsibility of managing and administering a trust fund directly, but retain an interest in the fund by acting as an adviser 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 liaising with the Charity Commission to enable this to take place.
- Worcestershire 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:
 - Designing the application process
 - Promoting availability of grants to the right target audience
 - Accepting the applications and carrying out due diligence
 - Producing papers for the panel
 - Providing administrative support in terms of making the grant payments
 - Monitoring progress
 - Providing an annual report on the impact of the grant making

To find out more about how we can help please email Peter MacKenzie-Shaw Peter.wcf@comfirst.org.uk or contact by phone on **07980 605948**

