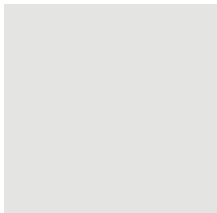


# Charitable Trust Transfers

Working to reinvigorate dormant or inactive charitable trusts



**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- **The original purposes may be outdated and irrelevant to current needs.**
- **Trustees no longer being able to effectively manage the trust, due to age, disability, medical conditions etc.**
- **Long standing trustees may have moved away, or even abroad, making regular meetings difficult.**
- **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.**

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 grantmaking to taking over a trust completely. If they wish, the client can retain an involvement without having the burden of 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 relevant objectives. We

are able, if it is required, through the transfer process to change the specific objects of a trust and continue to distribute grants in the spirit of the original founders.

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 a corporate trustee of an existing trust.

Trustees of charities and community groups facing closure may decide the work that Two Ridings 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 Two Ridings Community 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.

▲ **TRCF in action:** *Two Ridings hold funds and make grants to support children and young people.*

**Continued ►**

## The Benefits of transferring a Charitable Trust to Two Ridings 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 we often know and find beneficiaries and causes that provide the current 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 advisor 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 TRCF. 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.
- Two Ridings Community Foundation becoming corporate trustee and retaining the original charity number, but under new management.
- TRCF can also offer a range of grantmaking 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 grantmaking.

## Case Study

### Richard Weare Charitable Trust

**Richard Weare set up his eponymously-named trust in 1999 for general charitable purposes. Richard sadly died in 2004 but his trust continued to be managed by a number of committed trustees.**

Upon meeting with the Two Ridings Community Foundation a few years later, the trustees were really impressed with our experience and professional approach. They had been trying to reinvigorate the Richard Weare Trust and had been looking for better engagement with the local communities that they supported.

Two Ridings Community Foundation could not only provide them with simple access to hundreds of voluntary and community groups but also offered to take away all the onerous responsibilities of running their own trust fund. In addition there was some match funding available at that time, and they could see a way to getting a much better return on their investment by joining forces with a Community Foundation.

In 2010 the Trustees agreed to transfer the assets of The Richard Weare Charitable Trust into a named fund to be managed locally by Two Ridings Community Foundation. The value of the fund at that point was just over £600,000, but with match funding from the government's Grassroots Initiative we were able to grow the fund to an incredible £1.5m by 2017.

The trustees were invited to stay involved in the fund and help with decisions both on investment and distribution of funds. As of January 2018, two of the original Richard Weare trustees are still involved in supporting the named fund and Two Ridings Community Foundation.

**As part of the transfer process Two Ridings Community Foundation received a copy of Richard Weare's settlor wishes in respect of beneficiaries which stated:**

“**In broad measure I believe in supporting young people to help them fulfil their potential...Too often young people were prevented from going to camp or attending training because they were the offspring of, for example, one parent families who could not afford to help one sibling at the expense of another.**”

The Fund was named “**The Grassroots Richard Weare Fund**” and still honours the above wishes by helping small, mainly volunteer led, voluntary & community groups, small charities and other types of not for profit organisation with grants of up to £3,000 for projects that support personal development, education and training and projects that aim to reduce social isolation.

Both Two Ridings Community Foundation and the original trustees, feel confident that we have created a fantastic legacy in Richard's name which supports the causes he cared most about, and continue to do so for generations to come.