

Charity No. 1098801

Fair Share Trust
Report and Financial Statements
31 March 2010

Fair Share Trust

Legal and administrative details

For the period ended 31 March 2010

Status	The organisation is a registered charity, registered on 29 July 2003.
Governing document	The charity is constituted under a trust deed dated 24 June 2003.
Registered office and operational address	12 Angel Gate 320 - 326 City Road London EC1V 2PT
Trustee	Community Foundation Network
Bankers	Bank of Scotland Pentland House 8 Lochside Avenue EDINBURGH EH12 9DJ
Auditors	Kingston Smith LLP Chartered Accountants Devonshire House 60 Goswell Road London EC1M 7AD

Fair Share Trust

Report of the Trustee

For the year ended 31 March 2010

1. Introduction

The Directors' Report and financial statements are in the format recommended by the SORP 2005 guidelines, the Charities Act and the Fair Share Trust Deed.

In overseeing the activities of Fair Share Trust and in the preparation of this report, the Trustee has complied with their duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance published by the Charity Commission. As this report makes clear, as a result of the work done by the Fair Share Trust, there are many people in some of the least advantaged and lowest capacity communities in the UK who have been helped to address issues relating to disadvantage and/or take opportunities to improve the quality of life for themselves and their neighbours.

2. Structure Governance and Management

The Fair Share Trust deed was executed in June 2003, thus creating the £50M Fair Share Trust, with the funds coming from the New Opportunities Fund (now the Big Lottery Fund). Big Lottery Fund is a non-departmental government body responsible for distributing National Lottery funding across the United Kingdom.

Community Foundation Network (CFN) is the sole trustee and is responsible for managing the Fair Share Trust programme to fund projects over a ten-year period in some of the UK's most disadvantaged communities. Pursuant to the Fair Share Trust deed, a protector was appointed and his role is explained more fully in his report, enclosed as an appendix to the financial statements.

The Fair Share Trust programme appears as an item on all CFN board agendas and its successful delivery is a key strategy for the overall CFN plan. In addition the board has delegated to a panel of trustees and other members – the FST Committee - the responsibility for agreeing neighbourhood strategies against which funds will be released to the Agents delivering the programme.

A Finance and Audit Committee oversees the investment of the Fair Share Trust monies and audit arrangements.

The trustees have reviewed the major risks to which the charity is exposed and systems and procedures are in place to manage these risks with reports received at Board meetings.

3. Objects, objectives and activities

The Trustee has referred to the guidance in the Charity Commission's general guidance on Public Benefit when reviewing FST's aims and objectives and in planning future activities. In particular, the Trustee has considered how planned activities will contribute to the aims and objectives they have set.

Fair Share Trust represents a new concept in grant making for Community Foundations and the Big Lottery Fund (BIG). It creates conditions where the requirements of the Trust Deed and the national guidance can be met, but at the same time local residents are seen to have ownership of the process, agreeing local strategies and engaging in local decision making. The registered objects of the Trust are to support projects which:

- Develop the capacity and skills of the members of socially and economically disadvantaged communities for the benefit of the public in such a way that the communities' needs can be better met, and their members can participate more fully in society.
- Promote for the public benefit regeneration in areas of social and economic deprivation.

Funds were allocated to specific geographic areas at the outset of the programme and grants are awarded in line with these allocations. The Trust Deed allows CFN to delegate the local grant making and facilitation work to local organisations known as "local agents".

Fair Share Trust

Report of the trustee

For the year ended 31 March 2010

The local agents facilitate panels that are reflective of the local areas where the funding is to be spent. The panels are the vehicles through which the agents facilitate the required sense of local ownership.

The projects funded through the programme must contribute towards the achievement of locally set priorities and must also sustainably build social capital, community capacity and enhance liveability.

4. Achievements and performance

2009/10 marks the shift from planning, development and delivery phases of the programme into delivery, monitoring and evaluation of outcomes and a heightened focus on sustainability. The programme in Scotland is in its final stages, with Northern Ireland also completing in 2010/11. The end of programme in both countries offers significant learning opportunities for CFN's management of the remainder of the programme in England and Wales.

The outcomes set for the programme – to build community confidence, skills, experience, networks and relationships and to improve living environments in such a way that the impact is felt beyond the end of programme - in the UK's lowest capacity and least advantaged communities within 10 years are demanding. The theory of change underpinning the programme is that if we devolve decision making to local residents then their ownership of the programme will deliver this impact in the way that best fits each neighbourhood's needs.

The past year saw increasing public references by BIG's (formally the New Opportunities Fund) Chief Executive to the FST as BIG's best example of locally devolved grant making. BIG's 5 year FST learning document (The Fair Share Trust: learning from the first five years) concludes that CFN is achieving the demanding programme outcomes:

"The Fair Share Trust approach works. The Fair Share Trust combines its focus on learning with support, use of a local panel and flexible approaches to identifying and developing projects. We believe that this combination is unique. It has given communities and local groups a sense of ownership of and responsibility for a pot of money, it has allowed time for all involved to plan approaches, to learn and to build confidence. In the most successful case-study areas the programme has funded a range of projects that work with each other and with the community towards clear strategic benefits."

In terms of key quantitative developments during the year:

- We have approved sustainability plans for all Fair Share Trust neighbourhoods – the framework and guidance was a key CFN piece of work during this year, supporting Local Agents in their planning for the final stages of the programme. CFN has also carried out the sustainability planning working for end of programme planning.
- In the year we disbursed £6.5m of grants, making a total of £35.4m. This was lower than our budgeted disbursement profile.
- We have recorded just over £19m of additional funds (60% of the FST funds spent) much of which the Local Agents claim was leveraged into the FST areas as a result of the communities having their own stake (the Fair Share Trust grant) with which to initiate projects as well as the local relationships with other funders.
- We held training & development sessions for all Local Agents at CFN's September 2009 conference covering: sustainability planning; media; BIG's national evaluation, and chairing & facilitation skills.
- The investment management processes we have in place have proved to be robust. Despite the recent global recession which saw investment surplus levels fall much lower than in previous years, CFN was still able to allocate additional funding to all FST neighbourhoods in England, Northern Ireland and Wales (Scotland having received additional allocation in 2008/09). These additional grant allocations will be available from April 2010: England receiving an additional £981,225; Northern Ireland receiving an additional £56,975, and Wales receiving an additional £82,295.

The Directors continue to focus on risks at Committee and main Board meetings, with a full appreciation of the liabilities undertaken in the management and administration of the Fair Share Trust. No new delegations of responsibility were made during the past year. Any future delegations will be made in line with trust deed requirements.

Fair Share Trust

Report of the Trustee

For the year ended 31 March 2010

CFN continues to note issues raised by the Protector, mindful of CFN's resourcing of FST as well as having due regard for seeking appropriate legal advice in relation to Trust Deed matters.

Information technology is an area which has seen significant improvements during the past year, with additional management reporting extrapolating data from the FST online monitoring system. CFN continues to share all monitoring & evaluation data with BIG. Continued vigilance is still necessary in this area, however, as at BIG operational level there have again been further changes in personnel.

In terms of the management of the FST agents:

- A small number of Local Agents had their final Priorities Documents approved by CFN, with the remainder to be approved in 2010/11.
- CFN continues to monitor and address Local Agents' performance, training and development needs through day to day contact, regional meetings, visits and monitoring information. The quality of Local Agents' monitoring submissions has improved significantly during the last year due to additional CFN guidance and support.
- As at 31st March 2010 only two Local Agents were on the "high risk" register with significant CFN resource focused on remedying issues with both. Neither of these Local Agents was at risk of financial impropriety. The register was refined to incorporate an additional risk rating and continues to be a key area of scrutiny for CFN management and trustees. The register reflects the difficulty of operating in particular local situations across issues including local agent performance and panel facilitation and speed of spend.
- The two new Local Agents appointed in 2008/09 were both audited in 2009/10 and no material issues have been identified.

From a programme level perspective:

- Sustainability planning has been integrated at Local Agent level, with all FST neighbourhoods with plans in place. These will be regularly reviewed by CFN during 6-monthly monitoring visits.
- We fell slightly (10%) short of the spend target of £31.4m by June 2009 of grants paid out by local agents within FST neighbourhoods agreed with Big Lottery Fund. The actual spend level by Local Agents at the end of June 2009 was £28.2m. The Big Lottery was happy that this was not a material shortfall.
- As at 31st March 2010, FST Local Agents across the UK have spent £32,090,776 against a targeted spend of £40.2M by the end of June 2010.
- CFN continues to share national FST learning across the network of Local Agents and more widely via the FST website. CFN continues to encourage Local Agents to use their update sections within the website to promote local successes, good practice and learning.
- CFN resourcing of FST has been maintained through use of consultants where one post was temporarily vacant, and increased with a 50% FST funded Network Development Manager at CFN coordinating FST learning documents, website resource content and regional meetings. CFN resourcing changes have not had a negative impact on the quality of programme delivery.
- CFN's online monitoring system for FST continues to be refined in response to Local Agents' feedback as well as CFN identified improvements. 2010/11 will see continuing improvements phased in at six monthly intervals.

From a national policy perspective:

- CFN was invited by BIG to two FST learning meetings, during which we had the opportunity to put forward learning from the national programme management perspective, as well as learning additional to that identified in BIG's evaluation of the first 5 years. BIG published a FST 5 year learning document in March 2010 which incorporated some of CFN's additional learning points.
- CFN was invited by BIG to attend a lunch for MPs to discuss FST, which offered an opportunity to raise awareness of the programme.
- During the year, CFN has been pleased to continue to welcome several senior staff and Trustees at Big Lottery Fund on visits to Fair Share Trust areas, including a BIG England Board member.
- CFN has been delighted to be able to respond to approaches by Office of the Third Sector (OTS) to share experiences of managing and successfully delivering a national capacity building grant programme, which

Fair Share Trust

Report of the trustee

For the year ended 31 March 2010

CFN shared with BIG. CFN has also heard from OTS that BIG has been providing them information on FST. This represents a significant national policy level recognition of the successes, impact, experience and learning of FST.

5. Financial review and investment

The source of new income for Fair Share Trust during the year was £1.6m of investment income earned as a result of the original £50M grant.

Effective investment management processes have been key to the success of FST, because of the size of the fund and because of the turbulence experienced in the financial markets. The audit and investment sub-committee, chaired by the CFN Treasurer, is responsible for the monitoring of the FST investment. This committee decided an overall asset allocation policy at the outset of the Fair Share programme, with preservation of capital the top priority. This is a low risk policy. The main decision taken during the year was to sell all the remaining equity holdings and invest them in fixed rate deposit accounts with known returns. After discussions with a number of banks, the decision was made to invest the sums released from the sale of equities with Coutts as they were able to offer a product which met the requirements and paid the best rate of interest. Our total investment at the end of the year was £16.9M of which £13.8M was invested in Coutts Fixed Rate deposit accounts.

In the year, we paid out £6.5M of grants to local partners and incurred total costs of £1.2m (local partner fees and CFN management costs).

After realised and unrealised investment gains, the net decrease in funds was £5.9M, bringing the value of the fund to £19.6M at the end of the year.

As at 31 March 2010 the estimate of surplus funds at the end of the programme held over and above the monies allocated to FST areas and required to cover programme costs was about £1.1M. This is known as the "investment surplus" and will be used to support Local Agents' work on exit strategies. This has increased from the previous year due to known investment returns as a result of exiting from equities and fixing the income returns.

There is no formal reserves policy because the whole charity is similar to a restricted fund and thus all the funds have to be spent by the end of the 10 year period.

6. Plans for the future period

As in previous years a key focus continues to be excellence in operational delivery, and the effective management of risks.

The sustainability planning toolkit and guidance developed by CFN means we are well positioned to support and monitor sustainable local programmes up to June 2013. Implementation of the local sustainability plans agreed by CFN during the past year will remain a key focus over the next three years. CFN will continue to produce FST learning documents based on learning from FST neighbourhoods submitted in Local Agents' six-monthly monitoring reports.

Further refinements to the online Monitoring & evaluation system for Local Agents will include simplifying how they update information against projects on which they've already reported, and giving them access to management reporting from the data they have entered online for their neighbourhoods.

Local Agents' training and development needs will be addressed during existing FST regional meetings, ongoing support from CFN's programme staff and continues to be based on consultation with agents and CFN identified needs.

Local Agents will be carrying out local evaluations from 2010/11 onwards, with FST Guidance due from CFN in Autumn 2010. This local evaluation framework can complement BIG's liability to a full national programme

Fair Share Trust

Report of the Trustee

For the year ended 31 March 2010

evaluation, for which CFN will continue to press BIG to make sure the lessons learned from the programme continue to be captured at a national level, beyond CFN's own learning documents.

CFN will continue to share learning from the programme more widely via the FST website and more widely with audiences beyond Local Agents, CFN's wider membership, BIG and Office of the Third Sector. The learning opportunities from the end of programme in Northern Ireland and Scotland will be maximised by CFN in the year ahead. The focus will continue to be on high quality performance as well as qualitative and quantitative sustainable outcome led by local people.

7. Statement of Trustees' Responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice.)

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deeds. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Fair Share Trust

Report of the trustee

For the year ended 31 March 2010

The trustee

Community Foundation Network (company no 2651777, charity no. 1004630) is the sole trustee of Fair Share Trust.

The trustee has no beneficial interest in the charity.

Auditors

Kingston Smith LLP have indicated their willingness to continue as auditors.

Approved by the trustee on _____ and signed on its behalf by

Matthew Bowcock - Chair of Community Foundation Network

Independent Auditors' Report to the Trustee of Fair Share Trust

We have audited the financial statements of the Fair Share Trust for the year ended 31 March 2010 which comprise [the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken for no purpose other than to draw to the attention of the charity's trustees those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Respective Responsibilities of Trustees and Auditors

The trustees' responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

Kingston Smith LLP
Chartered Accountants
and Statutory Auditors

Devonshire House
60 Goswell Road
London EC1M 7AD

Date:

Fair Share Trust

Statement of financial activities

For the year ended 31 March 2010

	Note	2010 Total £'000	2009 Total £'000
Incoming resources			
Investment income	2	<u>1,579</u>	<u>1,839</u>
Total incoming resources		1,579	1,839
Resources expended			
Charitable Activities	3	7,762	10,114
Governance	3	<u>34</u>	<u>31</u>
Total resources expended		<u>7,796</u>	<u>10,145</u>
Net incoming resources before revaluations and gains		(6,217)	(8,306)
Realised gains/(losses) on investments		<u>311</u>	<u>(130)</u>
Net Income/(Expenditure) for the year		(5,906)	(8,436)
Unrealised (losses) on investments		<u>-</u>	<u>(1,246)</u>
Net movement in funds		(5,906)	(9,682)
Funds at the start of the year		<u>25,498</u>	<u>35,180</u>
Fundat at the end of the year		<u><u>19,592</u></u>	<u><u>25,498</u></u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses or movements in funds other than those stated above.

Fair Share Trust

Balance sheet

31 March 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Investments	5	<u>16,878</u>	<u>20,919</u>
Debtors	6	-	70
Cash at bank and in hand		<u>2,718</u>	<u>4,509</u>
		2,718	4,509
Creditors: amounts due within 1 year	7	<u>4</u>	<u>-</u>
Net current assets		<u>2,714</u>	<u>4,509</u>
Net assets		<u>19,592</u>	<u>25,428</u>
Funds			
Unrestricted funds		<u>19,592</u>	<u>25,498</u>

Approved by the trustees on

and signed on their behalf by

Matthew Bowcock - Chair of Community Foundation Network

Fair Share Trust

Notes to the financial statements

For the period ended 31 March 2010

1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention, as modified by the inclusion of fixed asset investments at market value, and in accordance with applicable accounting standards and the Charities Act 1993. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (issued in 2005).
- b) Grants are recognised in full in the statement of financial activities in the year in which they are receivable. Investment income is accounted for in the period in which it is receivable. Grants payable are recognised at the time of payment, once all conditions have been satisfied.
- e) Grants payable are recognised as expenditure when the grants have been approved and when the subsequent procedural formalities are completed (eg acceptance of conditions). In practice this recognition usually coincides with payment dates.
- f) Governance costs of the charity relate to the costs of running the charity such as the costs of meetings, audit and statutory compliance.
- g) Investments held as fixed assets are revalued at mid-market value at the balance sheet date and the gain or loss taken to the Statement of Financial Activities.

2. Investment income

	2010	2009
	£'000	£'000
UK Common investment funds and bank accounts	886	295
Fixed Income investments	693	1,544
	<u>1,579</u>	<u>1,839</u>

Fair Share Trust

Notes to the financial statements

For the period ended 31 March 2010

3. Resources Expended

	2010 £'000	2009 £'000
Charitable activities		
Grants to local partners (see below)	6,545	8,936
Payments to local partners for management costs	865	886
Support Costs (see below)	352	292
	<u>7,762</u>	<u>10,114</u>
Governance		
Protector's fee and legal costs	24	25
Auditors' remuneration for audit	<u>10</u>	<u>6</u>
	<u>34</u>	<u>31</u>
Support costs comprise:		
Staff costs and consultancy	191	197
Office and running costs	158	95
Profile and publicity	<u>3</u>	<u>-</u>
	<u>352</u>	<u>292</u>

Community Foundation Network, as the sole trustee of Fair Share Trust, was re-imbursed the cost of management and administration of Fair Share Trust's activities. The cost was £386,000 as shown above: the total of "governance" and "support costs".

Fair Share Trust

Notes to the financial statements

For the period ended 31 March 2010

3 (continued) Grants to local partners	2010	2009
	£ '000	£ '000
Bedfordshire & Luton Community Foundation	84	232
The Birmingham Foundation	295	423
Blackpool, Wyre & Fylde CVS	135	211
Burnley, Pendle and Rossendale CVS	131	59
Cambridgeshire Community Foundation	82	148
Cheshire Community Action	206	160
Community Connections	51	59
Community Foundation for Bournemouth, Dorset and Poole	264	133
County Durham Foundation	103	102
Derbyshire Community Foundation	272	291
East London Community Foundation	58	83
Essex Community Foundation	286	243
Community Foundation for Greater Manchester	178	1,144
Hull City Ventures	133	137
Lincolnshire Community Foundation	124	246
Merseyside Community Foundation	530	583
North West London Community Foundation	50	-
Northern Ireland Community Foundation	426	740
Nottinghamshire Community Foundation	176	223
Quartet Community Foundation	110	27
Scarman Trust	-	113
Scottish Community Foundation	852	1,495
Shropshire & Telford Community Foundation	81	84
South Yorkshire Community Foundation	313	404
Suffolk Acre	239	255
Tees Valley Community Foundation	196	247
Community Foundation for Tyne & Wear	367	273
The Community Foundation for Wales	533	603
West Lancashire CVS	137	116
Wiltshire & Swindon Community Foundation	133	102
	6,545	8,936

Fair Share Trust

Notes to the financial statements

For the period ended 31 March 2010

4. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

5. Investments

	0 £ '000	0 £ '000
Market value at start of year	20,919	30,716
Additions in period at historic value	21,095	0
Sales at book value	(25,189)	(8,558)
Net unrealised (loss)	-	(1,246)
Investment market value at year end	16,825	20,912
Accrued interest on investments	53	7
Cash held in investment portfolio	-	-
Total value at the period end	16,878	20,919
Historic cost of investments at year end	16,825	21,153
Investments comprise:		
	0 £'000	0 £'000
UK Common investment funds	-	2,919
Fixed Income Investments	16,878	18,000
	16,878	20,919
Investments representing over 5% by value of the portfolio comprise:		
	0 £'000	0 £'000
CAF Fixed Term Deposits	3,053	18,000
Coutts Bank fixed deposits	13,825	-
BGI ChariTrak UK Equity Index Fund	-	2,662

Fair Share Trust

Notes to the financial statements

For the period ended 31 March 2010

6. Debtors: amounts due within 1 year

	0	0
	£'000	£'000
Grant Debtors	-	61
Community Foundation Network	-	9
	<hr/>	<hr/>
	-	70
	<hr/>	<hr/>

7. Creditors : amounts due within 1 year

	0	0
	£'000	£'000
Community Foundation Network	4	-
	<hr/>	<hr/>

8. Ultimate parent undertaking

Community Foundation Network, a company limited by guarantee and registered charity, is the sole trustee of Fair Share Trust.