

Big Local partnerships becoming their own locally trusted organisation

We know that some Big Local partnerships are interested in becoming their own locally trusted organisation, with a funding agreement with Local Trust. If you are considering this we have set out below how we approach this, our requirements and some of the things you might need to do. If partnerships choose to become their own locally trusted organisation, then your partnership will need to become a legal entity to have a funding agreement with Local Trust, and then you will need to manage, monitor and report on the funding in line with your Big Local plan. As a locally trusted organisation you will put funding agreements in place with other organisations, groups and individuals to deliver projects, activities and services. You might also directly deliver some of the projects, activities and services in your plan.

Legal form and identity

To be a locally trusted organisation you need to have a legal form and identity – we will be circulating guidance on legal identity and governance models in the next few months. In becoming constituted you will need to ensure that the purpose of the newly constituted organisation is aligned with your aims and objectives and can cover the activities within your plan. You need to check that the governance model does not prohibit any of the proposed activities. For example, a registered charity may not be able to provide finance to business start-ups.

Depending on the type of legal entity you become, your organisation will need to comply with Charity Commission rules, Companies House rules and/or Financial Conduct Authority rules. You can find guidance online as follows:

- on setting up a charity: <https://www.gov.uk/how-to-set-up-a-charity-cc21a>
- on setting up a social enterprise: <https://www.gov.uk/set-up-a-social-enterprise>
- on setting up a business company: <https://www.gov.uk/limited-company-formation>
- and at [Charity Commission](#) and [Companies House](#)
- on setting up co-operative or community benefit society: <https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf>

Things you might consider

In making a decision for your Big Local partnership to become your locally trusted organisation think about:

- Do you have the right mix of skills around the table? How do you ensure that?
- What specialist support and advice will you need?
- How do you involve other people in Big Local?
- How do you ensure that you have the right procedures and processes in place? This includes financial processes, reporting to Local Trust, complaints procedure, staffing.
- Is there any distinction between the partnership and the locally trusted organisation?
- How can people within the Big Local area have oversight of the organisation and the partnership?

Due diligence checks

We carry out checks on each locally trusted organisation that we fund on behalf of Big Local areas. You can find more information in our guidance on [locally trusted organisations](#). As part of this process we check if the organisation:

- is a legal entity and the act of being a locally trusted organisation fits within its objects – we ask for the organisation's governing documents
- has the experience and capability to administer and account for the funding – we ask for the organisation's most recent set of financial accounts and use these to check the organisation's financial position
- has a bank account in the name of the organisation with at least two signatories who are not related to one another or reside at the same address – we ask for a signed form to show the account and signatory details, as well as a copy of a cheque or paying-in slip as evidence of the account details
- has the capacity to support the partnership in its role as locally trusted organisation – we ask how the organisation was chosen and the working relationship between you.

We recognise that in setting up your Big Local partnership as a locally trusted organisation you don't have a financial history or audited accounts. As this is normally part of our due diligence checks, we ask for a copy of your financial policies and procedures, and details of the skills and experience of the people carrying out the finance work.

If you are new to managing funds then our preference is to fund small amounts and increase this over time as your capacity grows. It is also possible for us to directly fund organisations that you as the locally trusted organisation intend to fund with large sums of money.

Because our due diligence checks normally include checking the capacity of the locally trusted organisation to support the partnership, when the two are the same we expect you to:

- meet your own obligations as an organisation and act in accordance with the law, for example report in line with Charity Commission or Companies House rules
- meet the obligations of being a locally trusted organisation, as set out in the terms and conditions of funding, which includes reporting back to us on spend
- fulfil the criteria of a partnership; more information is available in our guidance on [Big Local partnerships](#).

In addition you will need to consider how conflicts of interest are managed when the partnership and the locally trusted organisation are one and the same, and how you operate in line with the values and ethos of Big Local as both a partnership and locally trusted organisation. We ask for details of your structure to help us understand this relationship clearly.

This document will be developed over time with input from the people using this material.

If you have thoughts on how this document can be made more useful for you, particularly if you live in one of the Big Local areas, please let us know.

Local Trust

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The endowment for the Big Local programme is held by the Big Local Trust and overseen by Local Trust. The Big Local Trust was established by the National Lottery Community Fund with a National Lottery grant of £196,873,499.

If you need this document in other formats or a community language please get in touch with Local Trust and we will help you.

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