



Institute for
Voluntary Action Research

Funding for resident control:

The Local Trust experience so far

October 2015

1. Overview

Big Local is an investment of £1million into each of 150 small selected areas across England that aims to enable residents to make their areas an even better place to live. This 15-year investment by the Big Lottery Fund is managed by Local Trust who have also developed a programme of support and training to complement the financial investment.

Big Local programme outcomes

- Communities will be better able to identify local needs and take action in response to them.
- People will have increased skills and confidence, so that they continue to identify and respond to needs in the future.
- The community will make a difference to the needs it prioritises.
- People will feel that their area is an even better place to live.

This document is about what Local Trust has learned so far. Right from the start Local Trust has been determined to develop a funding approach that builds on lessons from past neighbourhood programmes and offers something new.¹ While Local Trust would not claim that the features that characterise its approach are unique, they do combine into a distinctive package based on the core principle of resident control.

In this document you can read IVAR's analysis of the advantages of the trust model and the way in which Local Trust was set up ('Where the story begins'); the distinctive features of Local Trust ('Key features'); and finally the critical importance of a commitment to learning and reflection to steer a course through the challenges of Local Trust's chosen approach to funding communities. This is an unfinished story; Local Trust's funding approach will continue to evolve.

How do you fund local action in a way that puts local people ('beneficiaries') in the driving seat? Resident control is the core principle of Local Trust's approach.

¹See early research 'What's new and different' about Local Trust's funding approach here: <http://www.localtrust.org.uk/assets/downloads/documents/Big-Local-Whats-new-and-different-IVAR-LT-FINAL.pdf>

2. Where the story begins

We start by looking at the circumstances in which Local Trust was set up because these have helped shape the kind of funder Local Trust has become.

2.1 The trust model

Local Trust embodies the trust model of funding that the Big Lottery Fund has already applied in the Fair Share Trust. The advantage of the trust model for the Big Lottery Fund, is that a trust is established to spend an expendable endowment in a pre-selected number of places, over a long period of time, working towards broadly prescribed outcomes. The trust is managed by a corporate trustee – in this instance Local Trust.

Working through a trust gives the Big Lottery Fund access to expertise, in this case around community development; it ensures that programmes are decentralised in ways that would be challenging for the Big Lottery Fund to achieve; and allows for more direct contact with residents. Through the trust model, Local Trust can ‘think bigger’ which is important if the ambitions of Big Local are to be realised.

2.2 The funding model – starting from scratch

The 150 Big Local areas were identified by the Big Lottery Fund as areas that had not benefited from Big Lottery Fund investment in the past. Unlike many other funding schemes, areas were not asked to apply for funding. Local people were brought together via locally trusted organisations to make decisions together about priorities, spend and how funding would be managed to best improve their communities.

3. Key features

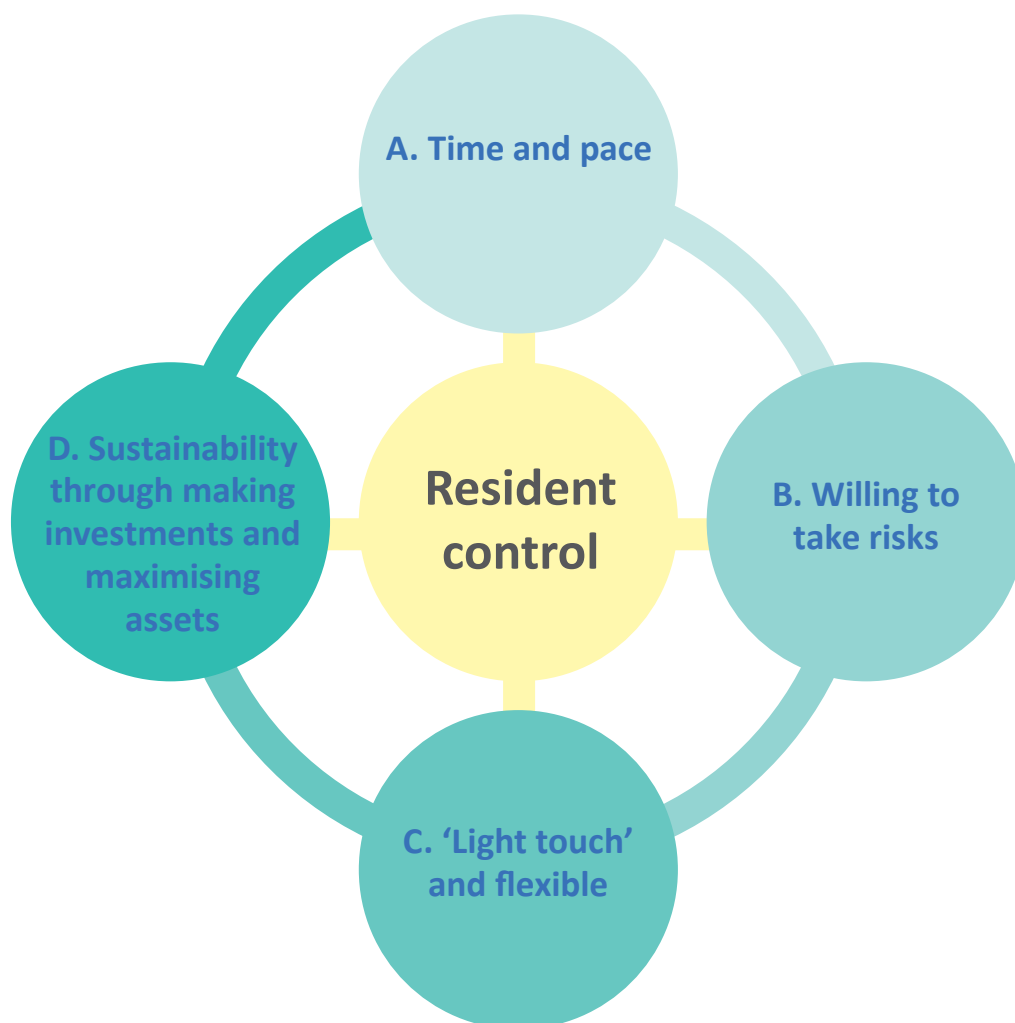
The four key features of Local Trust’s funding approach that we have analysed and presented here all flow from the core principle of resident control.

Core principle: resident control

The premise behind Big Local is that residents in the 150 areas will be in control. Local Trust aims to invest in the strengths and assets that exist locally, rather than starting from the kind of deficit model (needs based funding) that has characterised many community programmes in the past. The Big Local programme aims to fit around, and not impose external priorities on the resident volunteers who are at the heart of the programme: ‘It’s NOT about individual groups fixing their favourite problem without talking to a wide range of different people who live and work in the community.’ (Local Trust website)

Four key features that flow from resident control

Figure 1:



A. Time and pace

Big Local areas are funded and supported to plan first and then to spend over a ten-year period to achieve their agreed vision of making use of the long time line of the programme. Big Local areas are not bound by meeting annual spending targets – they can decide when, as well as where, to spend the money: ‘There is anecdotal evidence that spending over time is better. It is not about money but how it is used.’

“ **Big Local** is about consistently funding an area for (at least) ten years and they know that we won’t take it away from them. ”

Crucially, the timeline has allowed for a development period before each area’s Big Local plan is finalised. During this time, residents have been supported to create a local group (‘Big Local partnership’) to guide their work; to involve still more residents, as well as to consult widely to ensure that their Big Local plan reflects local priorities. This reflects the time that it can take to build the strong relationship that is needed between Local Trust and the Big Local areas.

B. Willing to take risks

A positive attitude to risk is reflected in the way areas develop their Big Local plans, the way they create their Big Local partnership and in the criteria that Local Trust sets for both.

Both Local Trust and the Big Lottery Fund accept that not everything will succeed. The trust model adopted by the Big Lottery Fund means that local spending is not subject to centrally (government) determined targets and annual budgetary timetables. Instead Local Trust emphasises the importance of building strong relationships with the Big Local areas as the basis for trust.

“ Big Local is built on relationships and trust, not rules and regulations. ”

However, Local Trust is very aware that it is managing public money and that it is important to demonstrate that the four programme outcomes are achieved, as well as the outcomes people in local areas have themselves defined.

In order to balance the need for proper oversight with the commitment to not being interfering, Local Trust starts by asking: What is the least we, as Local Trust, need to ask for in order to manage risk? And what is the most appropriate way to ask for and collect that information?

- Local Trust does not require – or even encourage – Big Local partnerships to become constituted groups (although several have done so). However, as money cannot be given to an un-constituted group the formal requirements attached to the receipt of funding are met instead by selecting a ‘locally trusted organisation’, chosen by the Big Local partnership, to hold and distribute the money.
- It does not set specific deadlines for the development of a Big Local plan. However, it has developed the Big Local pathway as a guide to the development of the programme locally. This pathway acts as a map of the journey that partnerships are likely to want to take.²
- It talks about ‘endorsing’ rather than ‘authorising’ residents’ Big Local plans before releasing funds, because the decisions about what and how to spend are taken locally.

C. ‘Light touch’ and flexible

Applying minimal conditions does not mean that Big Local areas are left to ‘sink or swim’. Local Trust provides a loosely articulated but firm structure of support. Where, typically, a foundation would provide this (‘funder plus’) support to a grant-holding organisation (‘beneficiary’), Local Trust works directly with residents (‘end beneficiaries’). The type of support provided by Local Trust is thought more likely to work because it is:

²The pathway can be accessed here: <http://www.srnet.org.uk/Archive/Newsletters/13-12-09%20Quick-guide-to-Big-Local-July-2013.pdf>

- Continuously available over 15 years
- Enabling, not ‘doing for’, in line with principles of resident control
- There when areas want it, with a flexible range of options on offer.

Local Trust’s portfolio of support for areas is made up of **three** interconnected strands of activity. These are in addition to any support or resources available to residents in their area.

Small team at the centre

A small central team, who produce guidelines to inform local development (including the Big Local pathway), receive annual reviews and inspire and trouble shoot where necessary.

Outreach through reps

A bank of reps, who provide flexible ongoing ‘light touch’ support to allocated areas and who bring a wide range of experience into the Programme. Reps are managed at arm’s length from Local Trust through a partner organisation.

Specialist providers

Specialist focused support from national partners who have been involved in the development of the programme and have bought into its values.

D. Sustainability through making investments and maximising assets

Assets can mean buildings, land or local services in an area, community groups or networks, as well as people’s skills and knowledge. Assets can also mean the aspirations and enthusiasm people bring to Big Local and the distinctive character of the area.

All four features of Local Trust’s funding approach have required the trust to think and act differently from past programmes in order to make resident control a reality. Nowhere has this been more apparent than in relation to Local Trust’s approach to making local change sustainable: making investments not grants; valuing each area’s assets and seeking ways to build on those rather than focusing on its deficits and disadvantages. Local Trust, like Big Local areas, is still very much at the start of a journey to test whether such approaches will lead to making local changes more sustainable in the long term.

“ The important thing is to get things done and provide solutions for things to get done. Money is a catalyst – it is a means to an end. ”

So, how is this playing out at the moment?

Big Local areas are already thinking about the 'Year 11' challenge: What happens when the Big Local funding stops? This encourages them to look beyond the short-term and focus on building long-term, sustainable improvements in their areas. They are exploring ways to use the £1million Big Local investment to maximise leverage of other funds and also to generate long-term income for their area. Local Trust is developing several alternative strategies to support this, including enhancing financial capability; and promoting social enterprise and social investment. At this stage in the programme, the focus is on encouraging areas to think differently about the way money is used locally in general as much as how to draw in additional funding, set up enterprises or take up social investment. Nonetheless, the idea of social enterprise and investment has been a popular way to think about the 'Year 11' challenge. While it will still be several years before we know which methods have proven most fruitful, we can describe some of the methods that local areas are exploring.

£1million leverage

The Big Local £1million often releases other kinds of resource and energy which themselves foster sustainability. In other words, while the money may act as a catalyst for residents to become involved, once residents come together, the money ceases to be the be all and end all; the main thing for residents is about the community working together to get things done.

Local enterprise

Social investment in social enterprises, community energy schemes, community share issues for hubs, pubs, shops and cafés are being included in Big Local plans.

Developing and supporting local entrepreneurship.

Local economy

By investing in and working with local credit unions, the programme is strengthening financial capability; building a savings habit, including with schoolchildren; and keeping money in residents' pockets through lower interest rates and circulating finance within the local economy. Their social investment will also generate a small financial return.

Big Local areas can choose to make loans, shares and deposits (social investments) through credit unions or Community Development Finance Institutions and Big Local Trust puts a funding agreement in place with the Big Local area and the particular financial organisation. The dividends or the interest is then paid to Big Local Trust, who hold this on behalf of each Big Local area.

4. Reflection and learning has been built in from the start

Funding in this way does not come without challenges. For example, those involved in the programme have commented that residents are often reluctant to spend the money – perhaps because of the weight of responsibility they feel. And there is a risk that areas focus on additional funding they can lever in, and not enough on using the investment to respond to need. However, it is early days and there is significant potential to learn more about how residents manage funding when given control over a long period.

This is one of the many issues that will be addressed by the commitment to ongoing learning and reflection that Local Trust has made. This is an essential corollary to its willingness to take risks and test out new approaches to local change.

About the research

This document is based on work carried out by IVAR on behalf of Local Trust during December 2014. This included a review of documents and interviews with Local Trust staff and trustees, with the Big Lottery Fund, with other independent trusts and with CCLA who manage the Big Local Trust investment. The work was commissioned by Local Trust to help them develop and communicate their understanding of themselves as a funder. Its focus was on the distinctive features of Local Trust's funding approach and the journey so far in developing that funding approach.

For more information visit the Local Trust website <http://www.localtrust.org.uk/>